Daily Report

Latin America

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FBIS-LAT-95-221 *16 November 1995*

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Cuba

Foreign Minister Interviewed During Visit to Venezuela

PA1411230795 Caracas EL NACIONAL in Spanish 13 Nov 95 p A6

["Exclusive" interview with Cuban Foreign Minister Roberto Robaina by Cristina Marcano, Patricia Spadaro G., and Josefina Blanco in Caracas on 12 November — first paragraph is EL NACIONAL introduction]

[FBIS Translated Text] On a stormy day, with constant rain, Foreign Minister Roberto Robaina arrived at Maiquetia Airport finding himself, as usual, surrounded by a swarm of journalists. With deliberate, diplomatic friendliness, he answered a few questions. Later, without so much bustle and comfortably settled in his room, this short man gave long and strong answers to explain his defense of Cuba, his views on changes, and his cutting opinions about the United States.

[EL NACIONAL] Do you think the Helms-Burton bill to intensify the embargo against Cuba will pass? Will Clinton veto it if it does?

[Robaina] That law involves Cuba, and the fact is that Cuba's laws are issued in Cuba. We legislate in Spanish, not in English. Therefore, that law pertains to the U.S. Congress and is moving through their system, and we will have to see what the executive branch and the president are going to do. The advisable thing would be, as Secretary of State Warren Christopher has told us, to have that bill vetoed, but one thing is to say that and another thing is to do it, given that an election campaign is involved.

Without being approved, that law has already caused us harm, because those who were trading with us one way or another have stepped back to see what will happen. I would also say that the harsh and aggressive wording of the law has helped us for the first time make the international community understand us better than before.

[EL NACIONAL] If the embargo is lifted, could Cuba have a policy of reconciliation with the United States?

[Robaina] I am absolutely convinced the day will come, sooner rather than later, when we will have to have normal relations. That day has to come, as long as we are willing to have relations of respect.

[EL NACIONAL] There is agreement in the world on condemning the U.S. embargo against Cuba, but there is also a common position that is asking the island for political reforms.

[Robaina] There are many shared positions, but there is also a very common position that strongly demands that we do not yield. One would have to ask the meaning of political transformations.

[EL NACIONAL] You said recently political reforms cannot be promoted in a besieged country. To what type of reforms were you referring?

[Robaina] I think there are different positions about what encompasses political transformations. For example, I could say that the opening of an economic transformation process as the one that has been opened in Cuba is for me a very big political transformation process. There was no foreign investment in the country; there was no talk of legalizing the possession of foreign currency, self-employment, and many things we see existing today. Nevertheless, from the viewpoint of those abroad who are asking us for political changes, those things do not fall under the category of political transformation, because they have reduced that concept solely and exclusively to whether we accept a multiparty system and whether we accept a system of western-style, bourgeois, representative democracy.

I am referring to the fact that it is not fair to tell a besieged country what it must do when, before thinking about changing, it has to think about its survival. I go even further in stating that my country will have to inevitably face many things it does not face now when that blockade, the lifting of which we are demanding, is in fact lifted. Without any discussion, there will be a path of encounter and evaluation, and we will have to see where it leads us.

Cuban-Style Democracy

[EL NACIONAL] Do you think there is democracy in Cuba?

[Robaina] Yes, of course. I am absolutely convinced there is a democratic system that is not perfect in Cuba. Moreover, we do not want it perfect, because we would have nothing else to discuss. It would be very boring if that democratic system were perfect. What happens is that it is not the traditional model of western democracy to which we are accustomed.

[EL NACIONAL] When will there be elections, however, in which the people can decide who will be Fidel Castro's successor, for example?

[Robaina] We do not elect Castro's successor or Castro as you elect your president.

[EL NACIONAL] Can one speak of a democracy in which one person has been governing a country for 36 years and there is no possibility of a change?

[Robaina] There are other democracies in which there are people who have been in power more than 36 years,

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and no one glances at them. I do not want to refer to anyone in particular, but it happens in Asia, for example. The Cuban president is not elected as the president of this or another country is elected.

[EL NACIONAL] No one elected Fidel, however.

[Robaina] First, we would have to know how Castro was elected. Castro, the Cuban president, is elected by the parliament, and the Cuban parliament is elected by the people. In our system, because it is not exactly a presidential system, the president, be he Fidel or whoever, is not elected by popular vote. That is not our system to elect him. Our system, whether perfect, whether incomplete, is simply another system.

[EL NACIONAL] Is Fidel irreplaceable?

[Robaina] He is perfectly replaceable. I believe Castro's presence, his work in Cuba, and the Cuban style of government are above his existence. I would even say that it is Fidel himself who would like to devote his time to doing something else and that we, the ones who work with him, are the ones who believe at this point we cannot do without a person who is so closely related to the history, work, and dignity of the people.

[EL NACIONAL] Do you believe Cubans would elect Castro again if elections were held in Cuba today?

[Robaina] There are elections in Cuba.

[EL NACIONAL] If the elections were like ours, however?

[Robaina] Why should my country hold elections like yours?

[EL NACIONAL] Do you believe Fidel Castro would win if he held a western- style presidential election?

[Robaina] Yes, he would. I am totally convinced, but we do not hold elections in that fashion, because that is not our system.

[EL NACIONAL] Can one speak of democracy without opposition?

[Robaina] Cuba has the most organized opposition of the continent. Unfortunately, its opposition lives abroad.

[EL NACIONAL] You spoke of freedom to dissent. What happens to political prisoners?

[Robaina] That is a campaign that has been developed, orchestrated, and fueled for a long time.

[EL NACIONAL] Are there or are there not political prisoners?

[Robaina] There might be a group of people, but they are not prisoners, unlike what this campaign seeks to portray, because they believe differently. I am totally convinced this is not our situation.

[EL NACIONAL] Can any Cuban, then, write an article against the Cuban Government without going to prison?

[Robaina] There are many Cubans who have written many atrocities about us and have not been imprisoned. What happens here is that they can write whatever they want, but they cannot publish it.

[EL NACIONAL] This is a little snag, isn't it?

[Robaina] Yes, a little snag, but even if they cannot publish their work in Cuba, they can do it anywhere else in the world.

[EL NACIONAL] Are you afraid the arrival of dollars in Cuba will deal, in any manner, a blow to the revolution?

[Robaina] The dollars arrived in Cuba a long time ago. They are now just circulating legally. The situation was worse before when they circulated illegally. We prefer to be realistic.

[EL NACIONAL] Is Cuba moving toward a process of free convertibility of the peso?

[Robaina] Yes, of course.

[EL NACIONAL] When will this happen?

[Robaina] That is a slightly more complicated phenomenon. I believe we are moving along this path, something which will help us boost our production. We already achieved a growth of 0.7 percent by the end of 1994, 2 percent by the end of the first half of 1995, and the year will seemingly end with a 2.5 percent growth rate. If we continue along this path, I believe this process will take place sooner than we expect, but it is still far enough. I believe there is light at the end of the tunnel.

[EL NACIONAL] What is the greatest complaint Cubans have today against the government?

[Robaina] I believe it undoubtedly has to do with their discontent over basic needs. It is not education or health anymore. For Cubans, the people and the government, there is no more important priority than resolving the economic situation: Providing food to the people, electricity, and transportation. Those needs have nothing to do with education or health, which are guaranteed and have become so much a part of Cubans that they do not believe they will ever lose them. There is nothing more pressing for a Cuban homemaker today, however, in light of the difficult situation, than preparing breakfast, lunch, and dinner with the little food available. That priority of the Cuban homemaker is a priority of the government.

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[EL NACIONAL] Can it be argued that that priority has led the government into the process of reforms?

[Robaina] No one should have the slightest doubt that we undertook this process of reforms to be able to maintain what we were not willing to forgo in education and health and guarantee, in the domestic order, that the needs of the people be met.

[EL NACIONAL] During your visit to Venezuela, will you discuss PDVSA's [Venezuelan Petroleum, Inc.] interest in renting the Cienfuego refinery?

[Robaina] We are going to discuss many topics, not specific topics such as PDVSA's interest or the refinery. In fact, there is a key topic I think will be of interest to everyone, because any commercial operation between Venezuela and Cuba is linked to the topic of the Cuban debt.

There are two Venezuelan proposals being assessed, but I am bringing a third proposal for discussion with Venezuelan officials and the suggestion that a delegation of Venezuelan experts travel to Havana shortly, as a follow-up to this visit. Our idea is to make it clear to local businessmen that although there is no liquidity to pay the debt, Cuba does not lack the creativity to solve the debt problem, just as it has been done with Brazil or Mexico.

[EL NACIONAL] Can you tell us something in advance about the proposal?

[Robaina] I must not.

[EL NACIONAL] Do you think its approval is feasible?

[Robaina] Yes.

[EL NACIONAL] Has Venezuela rejected the other two proposals?

[Robaina] Perhaps they have not been flatly rejected, but the proposals have not motivated the Venezuelans enough as perhaps the third proposal could.

[EL NACIONAL] Are you keeping that third proposal up your sleeve, or have you already discussed it with the Venezuelan Government?

[Robaina] Yes, I am keeping it up my sleeve and have not discussed it with anyone yet. The government knows nothing about it. I am bringing this proposal and keeping it up my sleeve. You can use that for the title of this interview.

[EL NACIONAL] What bilateral agreements will be signed during your visit?

[Robaina] A partial agreement that will allow us to better define our economic exchange, particularly regarding products. We are also talking about a possible tourist agreement. We are preparing for an upcoming, mixed commission meeting that should be held in Havana in early 1996. We hope Foreign Minister Burelli will be able to visit us then.

[EL NACIONAL] Are you satisfied with the position of the Rafael Caldera government regarding Cuba?

[Robaina] By nature, we have been taught to be dissatisfied, not with Venezuela but with the entire world and with ourselves. Thus, I believe we feel dissatisfied with everyone, but not with Venezuela.

[EL NACIONAL] To cite a case, didn't the Venezuelan decision to vote against Cuba early this year, during the UN debate on a resolution condemning the human rights situation on the island, bother Havana?

[Robaina] I would say that instead of being bothered by such a vote, we rather assume the position of making all our explanations and voicing our opinions so that Venezuela can take them into account. Anyway, Venezuela is free to vote as it may well desire.

[EL NACIONAL] How would you describe the current relations between Caracas and Havana?

[Robaina] I think the relations between Venezuela and Cuba are shockproof. They have resisted blows from everywhere. I feel that we must speak of ups and downs but, rather, based on the fact they are very strong relations that have allowed us to endure these ups and downs. This is why I am here, because of this will to endure all that. It is a will I discussed during a special meeting with President Caldera in Peru. It is a will of which I was a witness during that special meeting President Caldera and Fidel held in Port of Spain.

[EL NACIONAL] In what areas have Venezuelan investors expressed an interest?

[Robaina] There are many sectors in which strong investments have been made. There are strategic sectors being opened to foreign investments, sectors in which Venezuela is interested. These are the mining, tourist, and farming sectors. One of the reasons for my visit is to explain our new law on investments and our facilities.

Roundup of Economic Developments Through 14 Nov

PA1511014695

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 14 November.

The U.S. Council of Christ Churches has sent 80,000 pounds of medicines, food, and medical equipment to Cuba. This aid has been distributed in Pinar del Rio,

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Havana, and Havana Province. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Nov 95)

More than 12,000 homes have been built in agricultural areas of Camaguey Province, 5,000 more than those built in 1994. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Nov 95)

The Renovation of Cuban hotels has allowed the use of 500 more rooms. Plans include the addition of 1,000 more rooms in different hotels in the country. By the end of the year, costs will reach 140 million pesos. (Havana Radio Havana Cuba in Spanish 0000 GMT 8 Nov 95)

Oil production in Majagua, Ciego de Avila Province, once again broke its own record. A total of 161,800 tons of crude surpassed the 1994 production by 80,000 tons. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Nov 95)

Oil production by the end of October 1995 reached 1.237 million tons. The Western Enterprise has complied with 90 percent of its production plan, the Central Enterprise of Varadero complied with its plan 106 percent, and Ciego de Avila 124 percent. The annual plan for 1995 is 1.4 million tons. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Nov 95)

The spare parts program is providing benefits to the sugar, agriculture, and health ministries in Ciego de Avila Province. More than 12,100 spare parts for combines were manufactured, and 63,000 spare parts keep agricultural equipment working. The health sector will receive new surgical techniques, and new methods in the production of medical instruments will be implemented. (Havana Cuba Vision Network in Spanish 0100 GMT 10 Nov 95)

The Renato Guizar concrete plant in Varadero will produce more than 1,000 blocks per hour by early 1996. The plant will receive modern Spanish equipment, and the total cost of the equipment will be one million pesos. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

The Agriculture Ministry plans to build 25,000 houses for 1996 in agricultural areas. Approximately 14,000 houses have the necessary materials for construction. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

In Sancti Spiritus Province more than 50,000 cans of ripe coffee beans were ready for harvest. Thousands of workers have been mobilized to help in this task and to prevent losses. Coffee workers want to match last year's production, which surpassed estimates by 100,000 cans of coffee. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 95)

Las Tunas Province will have a favorable production compared to last year's, but milk production has dropped. A large number of the 115 caballerias assigned for cultivation is not ready. Plantain and yucca production sustained losses of 50 percent. (Havana Radio Rebelde Network in Spanish 1255 GMT 14 Nov 95)

Haiti

Lavalas Said To Choose Preval as Presidential Candidate

PA1511215195 Port-au-Prince Signal FM Radio in French 1800 GMT 15 Nov 95

[FBIS Translated Text] It is confirmed. Former Prime Minister Rene Preval has officially been chosen to represent the Lavalas family in the upcoming presidential elections in Haiti, we learned from a reliable source. According to our source, the whole Lavalas family met last night at the Christopher Hotel to choose their representatives in the presidential elections of next December.

Our source told us that Mr. Rene Preval should register his candidacy today at the premises of the CEP. The Lavalassians present during this meeting, last night's meeting, included notably Mrs. Suzie Castor, Mr. Gerard Pierre-Charles, as well as Senators Renaud Bernardin and Yrvelt Chery.

Electoral Official Discusses Presidential Elections

PA1511222195 Port-au-Prince Signal FM Radio in Creole 1230 GMT 15 Nov 95

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The Provisional Electoral Council [CEP] has officially received the candidacies of three people who registered their candidacies, according to the statements of CEP President Dr. Michel Sajous, who adds that the deadline for candidacy registration is today at midnight. The elections will be held as scheduled in the electoral timetable. The first round of the elections will take place on 17 December. Let us listen to the explanations of the president of the CEP, Dr. Pierre Michel Sajous:

[Begin recording] [Sajous] Yes, tomorrow, Wednesday at midnight. This means we will work permanently here until midnight in order to give everybody the possibility to come and complete the registration formalities.

[Unidentified reporter] Dr. Sajous, you just spoke of three people who have confirmed their candidacies. Is there a law defining the number of people who can participate in presidential elections?

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[Sajous] Absolutely not. There is no law defining how many people are needed so presidential elections can he held. Once there are participants, elections must be held.

[Reporter] This means if you do not have other candidates register, you will nevertheless hold the elections with those three people?

[Sajous] Once again, you must hold the elections, unless you deny those people their rights as citizens, who came to the CEP and presented all their papers in a proper manner, telling them they are not citizens and that as they are the only ones (?running), you will not hold elections. [end recording]

When he was asked about the case of the independent candidates, the CEP president said he was going to implement Article 69, series I of the sixth chapter of the electoral law, which refers to declaration and registration of candidacies. [passage omitted]

After the death of Deputy Jean-Hubert Feuille, Mr. Michel Sajous, president of the CEP, said the CEP would not hold elections to replace the vacant seats within the Parliament. Mr. Sajous explained that this (?job) does not fall within the scope of competence of the CEP but instead elections to replace deputies who have died must be held by a permanent electoral council. [passage omitted]

Elections To Take Place as Scheduled

PA1511215595 Port-au-Prince Signal FM Radio in French 1800 GMT 15 Nov 95

[FBIS Translated Excerpt] The eight-day deadline granted by the Provisional Electoral Council [CEP] to the potential presidential candidates for the registration of their candidacies will expire this Wednesday, 15 November, at midnight. More than 10 candidates have already confirmed their participation. But the CEP has officially received only three candidacy registrations, according to revelations made by the president of the electoral authority, Dr. Pierre Michel Sajous, who asserts that, despite everything, the first elections will take place as scheduled in the timetable, that is on 17 December. [passage omitted]

Spokesman on 'Bad Interpretations' of Aristide Speech

PA1511223995 Port-au-Prince Signal FM Radio in French 1800 GMT 15 Nov 95

[FBIS Translated Text] Yvon Neptune, spokesman for the presidency, deplores the way the searches are being carried out throughout the country. He asserts that really ill-intentioned people have indulged in bad interpretations in order to discredit the government. Neptune says President Aristide's speech is not a watchword. So, those who concoct unsuitable criticisms concerning the speech of the head of state just want to destabilize a government determined to promote change in the country, he said, among other things.

[Begin Neptune recording, in Creole] This is not the first time that President Jean-Bertrand Aristide has spoken. He spoke clearly. He came straight to the point. Despite the clearness, despite the straight way in which he spoke, there are people — in accordance with the interests they are defending and in accordance with their plans — who have chosen to give their own interpretations to President Jean-Bertrand Aristide's statement, a clear statement, a straightforward statement. The speech of President Aristide, the statement President Jean-Bertrand Aristide made in the Port-au-Prince cathedral is clear.

The journalists recorded it and, as the spokesman for the presidency, I do not need to give any interpretation of the broadcast of this speech, because it is clear. He said what he had to say.

As regards the disarmament issue, this is not the first time that President Jean-Bertrand Aristide has talked about it. At a certain time, when President Aristide was speaking of insecurity prevailing in the country, he called on the population not to sit idly waiting for assassins to come and put an end to their lives. [end recording]

This was President Jean-Bertrand's spokesman Yvon Neptune.

Werleigh Advocates Disarmament, Seeks Support

PA1511010095 Port-au-Prince Signal FM Radio in French 1130 GMT 14 Nov 95

[From the "Waking Up" newscast — passages within slantlines in Creole]

[FBIS Translated Text] The events of these last days show that security must be restored quickly throughout the country and that the cycle of violence created by those who still hold weapons must end, Mrs. Claudette Werleigh, the new Haitian prime minister, stated on 13 November during a news conference. According to Mrs. Werleigh, disarmament must be total and global, as wished by head of state Jean-Bertrand Aristide.

Mrs. Werleigh, who says she has noted that the Haitian population is thirsty for justice and security 13 months after the restoration of the head of state to his post, deems it necessary to call for the cooperation of everyone to help the police find hidden weapons so as

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to restore a stable climate to the advantage of all social strata of the nation.

Disarmament is urgent but, Mrs. Werleigh pointed out, it must be done with order and discipline.

[Begin Werleigh recording] Disarmament — a total, global, and complete disarmament — must be done. The national police forces must enter this operation with the cooperation of the UN Mission in Haiti [UNMIH] and that of the population. The president called on the population and the people's organizations to support the police forces, to give them ordered and disciplined support. It is joint work (?requiring) the support of the population for the police authorities within the scope of a cooperation, of a collaboration.

The people's organizations made up of responsible men and women do not want either brigandage or vandalism. It is not a question for the population of substituting themselves for the professionals of our police forces, but of helping them in the heavy task which is theirs today, by giving them all the information they need on weapons' hiding places and their holders.

/We are going to repeat what the president asks the population for and what the government is expecting from the government: It is not acts of brigandage; it is that they must help the police with disarmament./ [end recording]

I am informing you that a few minutes after this news conference the new Haitian prime minister boarded an UNMIH helicopter to go to the northern area of Cap-Haitien in order to inquire about the situation prevailing there, with all these demonstrations going on almost everywhere in the country.

For his part, the justice minister, who was participating in this conference beside Mrs. Werleigh, did not hide the willingness of his administration and the executive to shed light on the attack committed against parliamentarians Jean-Hubert Feuille and Gabriel Fortune. According to Attorney Rene Magloire whom we are going to listen to right away, this willingness to find the culprits in Jean-Hubert Feuille's murder fall within the scope of steps taken by the country's authorities in order to (?put an end) to the climate of panic reigning now throughout the national territory.

Anyway, we will listen to Attorney Magloire before the end of this newscast.

Werleigh Visits Cap-Haitien To Stop 'Acts of Brigandage'

PA1511015395 Port-au-Prince Signal FM Radio in Creole 1900 GMT 14 Nov 95

[From the "Haiti Today" newscast]

[FBIS Translated Text] Mrs. Claudette Werleigh visited Cap-Haitien yesterday within the scope of the movement going on in the country, in which several people's organizations are undertaking searches here and there. In Cap-Haitien, the situation was almost the same, but a bit different, because the Cap-Haitien population went out onto the streets after they heard a rumor which was circulating over the weekend which said that President Aristide's driver allegedly died in an attack on Aristide. After this rumor, the Cap-Haitien population went out onto the streets, and various acts of brigandage were committed, notably by people who had been injured by blades and shards from shattered car windshields, broken in demonstrations.

On the afternoon of 13 November, Haitian Prime Minister Mrs. Claudette Werleigh went to Cap-Haitien, the second city of the country, where she went to ask the population to calm down. The population was carrying out searches in Cap-Haitien and setting barricades of burning tires. The demonstrators threatened to destroy several houses in Cap-Haitien.

Police intervention prevented the situation from becoming complicated. The demonstrators, who were participating in search operations, nevertheless managed to ransack the premises of Ave Maria — the Catholic Church radio in the area — according to explanations given by our correspondent in the area.

Mrs. Marie-Michele Rey [name as heard] went to the area, where she called on youths to cooperate with the police in order to carry out searches in the country. However, the youths do not have the right to carry out search operations in place of the police in Haiti, according to Mrs. Claudette Werleigh, who made this statement yesterday during her meeting with the press in Port-au-Prince.

She went on to renew this statement to the Cap-Haitien population. In the north of the country, Mrs. Werleigh emphasized the role of the press in broadcasting information. The press must be courageous (?enough) to verify information before broadcasting. The press must correct information if it is necessary and take a stand when necessary in order to prevent the situation from worsening, according to statements by Mrs. Claudette Werleigh yesterday in Cap-Haitien.

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Mrs. Claudette Werleigh was accompanied by UN Mission in Haiti members in a helicopter within the scope of her tour of Cap-Haitien yesterday.

Demonstrators Target Radio Station

PA1611014195 Port-au-Prince Signal FM Radio in French 1800 GMT 15 Nov 95

[FBIS Translated Excerpt] Radio Station 4VKB of Cap-Haitien was the target of furious demonstrators this morning. The premises of this station were attacked with stones by several hundred white-hot people who wanted to ransack 4VKB. The demonstrators did not [words indistinct] to the director of this station who was attacked a moment later. Her car was burned. Her life was saved thanks to the promptness of some of her colleagues.

Once she escaped the danger that threatened her and the two children who accompanied her, she got under cover. Since then, her tracks have never been found. It is not known whether she was abducted or not. However, we have been informed that the situation is not yet back to normal.

The manhunt continues, as well as the plundering under the passive glare of elements of the United Nations, whose laxity has been denounced by numerous persons in Cap-Haitien these last days.

Demonstrators Burn Journalist's Car

PA1611023995 Port-au-Prince Radio Metropole in French 1500 GMT 15 Nov 95

[From "The Midday Newscast"]

[FBIS Translated Excerpt] The programs of 4VKB Radio Cap-Haitien have been suspended since 0900 this morning after the director, Mrs. Evelyne Toussaint, was attacked by demonstrators and her car burned. Since then, they have not heard from Mrs. Toussaint, and Radio 4VKB has interrupted its programs. Let us listen to the explanations of our reporter in Cap-Haitien.

[Begin recording, in Creole] [Unidentified reporter] The news from Cap-Haitien....[pauses] We have not yet confirmed the news regarding the kidnapping, because they cannot find the director.

She may have taken refuge somewhere, but what is certain is that they broke into her car. This occurred after the director intervened this morning on the radio during our morning newscast; you know we had only two newscasts yesterday. She intervened on the radio to say that she would stop the radio's programming if this situation kept up at Radio Cap-Haitien. Several people identified as gang leaders gathered in front of the home of the director of the editorial room, Mr. Jean-Robert Lalane, yesterday.

The director's name is Mrs. Evelyne Toussaint. She intervened on the radio, threatening to close the radio if the journalists and personnel of the radio continued to receive threats.

[Announcer Clarens Renois] What measures did the general management of Radio Cap-Haitien take on the problems faced by its journalist Jean-Robert Lalane and the rumors on the kidnapping of the director? Anyway, we confirmed that her car was broken into. What measures did the general management of the radio take?

[Reporter] As soon as we knew that, at 0855, we stopped all programs at Radio Cap-Haitien. [end recording] [passage omitted]

Violence Cited in 'Day of Disarmament' in Gonaives

PA1411230095 Port-au-Prince Signal FM Radio in French 1130 GMT 14 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] In Gonaives, at least two persons have been killed, nine injured by bullets, about 30 houses burned, and several cars damaged or burned — That is the provisional toll of the day of disarmament by the civilian population of Gonaives on 13 November. Let us listen to a report by Choisil Debrosse.

[Begin Debrosse recording, in progress] ...nine people were injured by bullets. We must inform you that the head of the national police says he cannot actually assert whether the injured were hurt by UN policemen or by attackers, that is the people the population went to attack [as heard].

The departmental director talked to the press and reported that the national police in Gonaives are doing all they can so peace can be restored in Gonaives today. We must tell you that 30 houses were burned in Gonaives, including 10 in the area called Trou Sable. Seven cars were completely burned in Gonaives today. About 10 arrests have been made in Gonaives.

The national police today seized seven 12-gauge rifles, one 38-caliber gun, eight machetes, some ammunition, plus two other 12-gauge weapons. This is the provisional toll of the first day of the disarmament operation in Gonaives. [passage omitted]

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President Forwards 1996 Budget Proposal To Congress

PA1611024095 Mexico City XEW Television Network in Spanish 0400 GMT 15 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo forwarded to Congress the draft income bill and the federation's budget expenditure proposal as well as the criteria for 1996 economic policies. This intends to reactivate the economy, stabilize financial markets, lower inflation, and accelerate growth.

President Zedillo pointed out during his explanation that the country's growth must be based on domestic savings and in structural changes in the economy. The plan explains that 1995 has been a year of economic adjustment; thus there is now a solid basis for growth in 1996.

The prospects for President Zedillo's administration in 1996 are:

— The inflation growth for the national consumer price index is expected to be 20.5 percent.

— The GDP may possibly register an annual increase of 3 percent.

— Export growth projections of at least 19.4 percent.

— Total investment is expected to present a true annual increase of 4 percent.

— Private and public sector spending will show true positive variations of approximately 4 percent and 3.9 percent, respectively.

— Public spending will be reoriented. This will free resources for investor expenditures.

— The prospect estimates that the contribution to the growth of the total investment in 1996 will be 0.7 percent.

The deputies were told that the structural changes will be deepened through a deregulation process and by promoting private activity in the economy.

Investors Welcome Government Policies; Market Calm

PA1611030995 Mexico City Radio Red Network in Spanish 0000 GMT 16 Nov 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] [Announcer] Let us go now to Antonio Guzman, our reporter who, day after day, follows the sometimes staggering steps of the Mexican financial markets, especially now that we have significant increases in the interest rates. Do you remember yesterday's Cetes [Treasury Certificates] auction? Even though the 28-day Cetes rate did not increase, as certain financial analysts had predicted, we did see a significant increase of more than 10 percent in the 91-day Cetes rate. All this is already reflected in the secondary money market; that is, it is reflected in the market in which investors, savers, and the clients of all banks who face these economic ups and downs on a daily basis participate. How are you, Antonio? Good afternoon.

[Guzman] Good afternoon, Martin; good afternoon to you and our audience. The financial markets on 15 November witnessed a relatively calm day, despite what you already mentioned: The high increase in bank reference rates. For instance, the average rate, better known as the TIIP [Average Inter-Bank Interest Rate], increased by 10.05 percentage units to 69.71 percent. Meanwhile, the equilibrium rate, also known as the TIIE [Inter-Bank Equilibrium Interest Rate], amounted to 69.73 percent, following its 9.88 percentage-unit increase. As you already mentioned, Martin, this increase stemmed from the increase Cetes experienced in the 14 November auction. This is undoubtedly reflected in an increase in and in another pressure on what is called the cost of money, thus making credits more expensive.

It seems that investors, despite it all, Martin, welcomed the government's decision to maintain the same course for 1996 economic policies. Let us recall that certain presidents, certain police magistrate's office [corregidurias] leaders were saying that the economic path should be continued. It seems that what Secretary Guillermo Ortiz told the deputies on 15 November regarding the terms of the economic policies for next year prompted a somewhat good acceptance. This was seemingly reflected in the markets, especially if we take into account that the dollar rate vis-a-vis the peso decreased by approximately 10 to 20 cents in banks and exchange bureaus, where it closed at 8.10 to 8.30 for sales and 7.50 to 7.72 for purchases.

On 14 November, the maximum rate was simply 8.40. Today, the maximum rate is 8.30 for sales. The same result was not observed in the so-called wholesale operation dollar, which increased by 14 cents to 7.94 pesos to the dollar, reaching a maximum rate similar to yesterday's rate, 8.20. However, let us recall that the Bank of Mexico [Banxico] intervened on 14 November and that certain analysts believe that the increase the dollar experienced for this type of operation, wholesales, constituted an adjustment needed to reach a more or less actual market rate.

Regarding the securities market, it closed with a marginal increase of 18.65 points, a 0.85 percent increase;

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thus, the market's main indicator totaled 2,260.18 units, a 0.83 percent increase. The volume traded was low: Only 50 million securities, leaving proceeds totaling 495 million new pesos.

Well, Martin, this is the panorama in the markets: An increase in bank reference rates, a slight drop in the dollar rate in banks and exchange bureaus, and a marginal increase in the securities market.

Finally, I take advantage of this opportunity to report that, three years after the name new peso came into effect, our currency will again be called the peso starting on 1 January 1996. This is because the time for the transition to the new Mexican monetary unit is up. It started with the elimination of three zeros, came into effect on 1 January 1993, and will end on 1 January 1996. The name new peso will disappear, and the currency will again be called peso. Well, Martin, this is what Banxico reported.

Official Denies Effects of Exchange Fluctuations

PA1511195095 Mexico City NOTIMEX in Spanish 2011 GMT 13 Nov 95

[FBIS Translated Text] Mexico City, 13 Nov (NOTIMEX) — Decio de Maria Serrano, undersecretary of commerce and industrial development, ruled out today that fluctuations of the dollar exchange rate will have short-term effects on imports and exports.

During an interview after the inauguration of the "Mexico-European Union Conference on Normalization, Certification, and Quality," he admitted the need to stabilize the exchange rate.

Decio de Maria underscored that this is an important factor in foreign trade development, because it facilitates decisions in the areas of trade and investment.

He also announced that Mexico has foreign investment projects for about $9 billion.

Decio de Maria denied claims that there is no industrial development program, because a number of activities to benefit the production plant have been promoted this year along with the private sector.

"I think that there are many specific areas in which we are working on that are part of an industrial promotion package that we have developed with the business sector," he added.

Decio de Maria added that this involves permanent work within the industries to strengthen and prepare companies to face local and international competition within a period of one to six years.

He noted that these should be medium-term programs to ensure a gradual achievement and assessment of goals.

PRD Proposes Emergency Economic Program

PA1511221095 Mexico City Radio Red Network in Spanish 0000 GMT 11 Nov 95

[Report by Rafael Jerezano; from "The Night Monitor" newscast]

[FBIS Translated Text] There was activity at the San Lazaro Legislative Palace today. The Party of the Democratic Revolution [PRD] held a news conference to discuss the social security bill. Participants mentioned that the bill sent by President Ernesto Zedillo to the Congress of the Union is not a simple reform to the social security law. They said it is really a new law, which denies and violates fundamental principles of Mexican social security services. They said the drafters of the reform are aware of this and to help the reforms pass, they have set up a campaign trying to conceal their true intention, which is none other than to take decisive steps to privatize certain vital services for such things as sickness, maternity, disability, old age, retirement, and death.

They said this is a reorganization of Mexican social security services and its institutions based on principles that are foreign to it. They said that a process that began in 1917 with the social reforms of the Mexican Revolution, which had its best moments with the creation of the social security law in 1943, is now about to be buried in this legislative period. The promoters of the bill are betting on the old practice of legislating with slogans and resorting to the submissive vote of the majority vote at the Chamber of Deputies.

Deputy Saul Escobar said that when Finance Secretary Guillermo Ortiz visits the Chamber of Deputies with the federation's 1996 revenue and expenditures budget, they are going to ask him to also include an economic emergency program because they said there are currently many ups and downs in the country's financial situation, but let us listen to what Deputy Saul Escobar had to say:

[Begin Escobar recording] We, the members of the PRD faction, are drafting a proposal in view of the latest financial events, which as you know, have led to an increase in the exchange rate and have caused great commotion. We are drafting an economic emergency program. We believe the Congress must propose the inclusion of this economic emergency plan with the country's 1996 economic policy criteria into the 1996 budget, which will be submitted by Mr. Ortiz on Tuesday, 14 November, and which we will discuss with him on [word indistinct].

We believe the document should contain an economic emergency plan adapted to the circumstances experi-

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enced in the country at the present time. We also believe the Congress should also promote, through this plan, a real and democratic consensus with all economic sectors, the government, and the political parties represented in Congress, so that this emergency plan can reflect the viewpoints of all political forces and can guide us to real economic stability.

Our initial proposal is that this emergency plan must be discussed with other political forces, the government, and the organizations of workers and businessmen. First, we must discuss an exchange regulation mechanism. The private sector has proposed a stabilization fund. The government has called for the creation of an emergency fund. We have proposed a foreign exchange fund, but the various options on the exchange regulation must be discussed by all so that we can come up with an efficient solution. Second, we must discuss a fiscal, progressive, and transparent policy that can include regulations and fiscal mechanisms on volatile capital. The third aspect — we have mentioned it before — is an expenditure mechanism, which has to do with the country's economic recovery that can allow the internal demand to be revitalized so that we can draw many companies from the crisis, promote the creation of jobs, and an increase in wages. [end recording]

Those were some of the aspects of the economic emergency program discussed by Deputy Saul Escobar.

Canacintra President Criticizes Interest Rate Hikes

PA1611041795 Mexico City Radio Red Network in Spanish 0000 GMT 14 Nov 95

[Report by Antonio Guzman; from "The Night Monitor" newscast]

[FBIS Translated Text] Victor Manuel Terrones, president of the National Association of Manufacturers [Canacintra], warned during a news conference to announce the national convention of industrialists, which will be held during the first days of December, that the interest rate increase is intolerable. He added that although this increase was an option to reduce pressure on the peso-dollar exchange, this has not worked.

In that news conference, he expressed his fullest concern because this interest rate increase puts nearly 40 percent of the manufacturing sectors' industrial plant — which comprises 86,000 enterprises — at risk of default.

Terrones Lopez insisted that a different option has to be found to halt peso speculation in view of the fact that difficulties are increasing for both the enterprises as well as the banks.

[Begin Terrones recording] We may possibly not be able to continue with increased interest rates. This is a touchy subject because on the other hand, the idea was to resolve the problem of the peso exchange to the dollar. I believe this does not work and an alternative has to be found. The manufacturing industry can no longer stand increases in our interest rates; the banks themselves cannot either. [end recording]

On another topic, the Canacintra president said Mexico will recover the economic levels that it had up to 1994, but by the end of 1996, which means that a greater effort will be needed between January and December of next year before attaining recovery signs.

Terrones Lopez estimated that by the second quarter of 1996, certain indicators will be seen that will give greater certainty to the start of the recovery. He said that within two weeks there could be a clear trend of the dollar level compared to the peso, as well as interest rates. He believes that the cost of money will continue to increase during this time until it reaches a maximum level where it will stabilize and then, perhaps, begin to drop.

Regarding the 1996 spending budget, he said that the government must respect the 4 percent reduction in public spending. On goals, he said that the inflation goal will have to be modified to between 20 to 26 percent. He also considers that 3-percent growth for 1996 is still viable.

On another topic, he said that the viable peso-dollar exchange rate for now should be 7.10 new pesos to the dollar.

Regarding the drop in the industrial GDP for this year, he estimates it will be 6.3 percent, highlighting the construction industry with negative 14 percent, the textile industry [?negative] 17 percent, and machinery and equipment industry also a negative 14 percent.

Media Official: Crisis Forced 35 Dailies To Close Down

PA1411143995 Madrid EFE in Spanish 0927 GMT 11 Nov 95

[By Julian Rodriguez Marin]

[FBIS Translated Text] Mexico City, 11 Nov (EFE) — Rafael Ruano, Daily Editors Association [Asociacion de Editores de Diarios] president, has told EFE that the severe economic crisis that erupted in Mexico last December has caused the folding of 35 dailies due to the 113 percent increase in the prices of paper.

Ruano explained that the crisis has "strongly hit the media," especially because of this year's two increases in the prices of paper, amounting to 113 percent, which

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lead several newspapers to extinction and worsened everybody's economic situation.

Analyst Hector Davalos told EFE that certain major newspapers have closed down this year, including the SUMA daily, an afternoon newspaper, and countless magazines published by the EXCELSIOR daily, as well as another six publications by the Televisa Group.

Among the oldest newspapers that closed their doors, he mentioned Ciudad Juarez's EL FRONTERIZO, which had been published for 51 years, in addition to EL CONTINENTAL and CORREO also from this city located at the border with the United States, Davalos stated.

In the western Jalisco State, the dailies EL DIARIO DE GUADALAJARA and EL JALISCIENSE were closed, while in the northern city of Monterrey the TRIBUNA DE MONTERREY daily disappeared, he added.

The reduction in paper imports in the state-owned Paper Producer and Importer Company (PIPSA), which is the only supplier of paper to the media, is an "indication" of the newspapers' drop in circulation.

Davalos pointed out that the latest PIPSA report stated that, due to the contraction in the domestic market in the last few months, it has exported 32 tons, which constitutes almost a fifth of its January-August production — 173,000 tons. [figures as received]

"The crisis the dailies are facing is not only a domestic crisis; it is also an international crisis, because there is a world shortage of paper and because its prices have increased in all countries," Diego Peterson, Guadalajara's SIGLO 21 daily deputy director, told EFE.

Peterson affirmed that the daily editors are expecting another 25 percent increase in the prices of paper before the year ends, which will worsen the companies' financial situation.

"The crisis hit hard and forced us to halt several projects, even though we have recovered somewhat because we have been able to keep the circulation and we have even increased it," he maintained.

Fernando Villasmil, MEDIOS MASIVOS MEXICANOS magazine manager also told EFE that the crisis has mainly affected mid-sized newspapers and doomed smaller newspapers.

In 1995, advertising dropped between 35 and 40 percent due to the drop in the sales of companies triggered by the deep recession the country is experiencing.

In 1994, companies earmarked approximately $175 million to advertising in more than 350 newspapers and another $116 million, in more than 300 magazines.

Those who were interviewed agreed that the increase in the price of dailies has not been a definitive solution, but a survival solution, and that many newspapers have been unable to overcome their deficits, which widespread market and economic depression have worsened.

The increases in the prices of paper forced the 100 percent increase in the price of newspapers this year, thus eliciting a sales drop.

Several sources underscored that newspaper circulation has dropped. However, they failed to disclose figures because many dailies zealously guard the real amount of their editions. There even were media that closed their accounting books in March, when the price increases started.

President To Travel to Osaka for APEC Summit 16 Nov

PA1611035795 Mexico City XEW Television Network in Spanish 0400 GMT 15 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The president will depart on 16 November for Osaka, Japan, the venue for Saturday's meeting of the Asia-Pacific Economic Cooperation [APEC] summit.

The president will depart from the airport in Torreon, Coahuila, at 1345 to fly to Anchorage, Alaska, for a technical stopover. From Anchorage he flies to Osaka, where he is due to land at 2200 on Friday 17 November.

On Saturday, the president will hold bilateral meetings with Australian Prime Minister Paul Keating, Canadian Prime Minister Jean Chretien, and PRC President Jiang Zemin.

That evening, he will attend a dinner party hosted by Japanese Prime Minister Tomiichi Murayama. Later he will take part in a meeting with APEC leaders.

President Zedillo returns to Mexico on Sunday 19 November. On Monday, he will head a parade to mark the 85th anniversary of the start of the Mexican revolution.

EZLN Ratifies Disposition To Continue Peace Dialogue

PA1111235395 Mexico City LA JORNADA in Spanish 10 Nov 95 p 13

[Report by Elio Henriquez]

[FBIS Translated Text] San Cristobal de las Casas, Chiapas, 9 Nov — The Zapatist National Liberation Army (EZLN) reiterated that it will travel to San Andres

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Larrainzar to continue with the second-phase worktable of talks related to the rights and culture of indigenous groups scheduled to take place this coming Monday, 13 November.

Likewise, it summoned its advisers and guests selected for the previously mentioned phase — including some individuals who either rejected the appointment or did not attend — to take part in the second round of talks.

In one of four communiques signed by *Subcommander Marcos*, dated today, the EZLN advises the Harmony and Peace Commission (Cocopa), that Felix Galiana Neri, from the Costa Chica and Montana de Guerrero Regional Peasant Union; Manuel Ballesteros Rojo representing the Juchitan, Oaxaca, Culture House; and Sergio Sarmiento, from the National Autonomous University of Mexico (UNAM), would be joining the second round of talks.

The EZLN recalled that the second-phase worktable scheduled to start on 13 November in San Andres Larrainzar considers two moments. In the first one, the results of each work group will be presented and will include the participation of all guests who have been present in the various groups that already met this past 18-22 October.

The Zapatist document adds "the worktable will elaborate on those initiatives related to its mandate," together with the participation of 15 guests representing each of the parties, selected from those who participated in the work groups.

The list is as follows: Democratic State Assembly of the Chiapas People, Zapatist Civilian Movement, National Indigenous Plural Assembly for Autonomy, Xi'Nich, Alto Balsas Council of the Nachuas People, Aristarco Aquino, Fray Bartolome de las Casas Human Rights Center, Orcao, Deputies Adriana Luna Parra and Antonio Hernandez Cruz, Amado Avendano Figueroa, Women Diocesan Coordinating Board, Indigenous Women Independent Organization, Ceacatl Review, and Jan de Vos.

After acknowledging the "valuable contribution" and presence of all guests and advisers, the EZLN ratified its "willingness to continue with the dialogue and negotiations aimed at ensuring a just and worthy peace for Mexico."

The Zapatists expresses its "profound recognition to all members of the group of advisers for peace with justice and dignity, who determined, have committed all their efforts in the construction of a better destiny for our country."

Contrary to the previous phase, the work to be carried out during this second-level phase will take place in San Andres Larrainzar where the necessary steps are being taken to create the sufficient conditions to adequately accommodate all guests and advisers.

Mayor Provokes Clash in Oaxaca, Suspends Elections

PA1311004595 Madrid EFE in Spanish 2305 GMT 12 Nov 95

[FBIS Translated Text] Mexico, 12 Nov (EFE) — At least one person was killed and two injured today in a clash provoked by a group led by Malquiades Rosas Blanco, mayor of Mazatlan Villa de las Flores, Oaxaca State, who suspended the elections in that location.

A communique from the state authorities said that the mayor, accompanied by approximately 250 persons, seized the electoral documents, and forced the authorities in 13 polling places that were installed in the municipality to suspend the elections. They then attacked members of the ruling Institutional Revolutionary Party (PRI).

The Oaxaca State government said the events occurred early on election day when approximately 250 persons led by the mayor picked up the ballots and "threatened and beat up members of the municipal electoral committee and the PRI."

It added that the people who followed the mayor, whose political affiliation was not given, opened fire on the PRI members. One person was killed and two others were injured.

Some local groups had demanded that the parties' election be suspended and that the people's "habits and customs" be respected, so they sought to prevent the electoral process.

The state's PRI committee condemned the acts of violence in that municipality and said Rosas Blanco's attitude was "barbaric," adding that he is trying to prevent the election and "seek his reelection as the local authority."

In addition, the PRI communique reported the theft of electoral documents by 40 members of the Party of the Democratic Revolution in San Andres Dinicuiti Municipality, in the same state.

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Elections Conclude in 6 States 'Without Major Incidents'

PA1311040895 Mexico City NOTIMEX in Spanish 0218 GMT 13 Nov 95

[FBIS Translated Text] Mexico City, 12 Nov (NOTIMEX) — Electoral authorities and the participating political parties have reported that the elections in six states and Mexico City closed today without major incidents.

The most important elections were held in Michoacan State in the country's western region, where one governor, 113 mayors, and 18 deputies were elected.

Michoacan's Electoral Institute reported that the state's 4,129 voting booths, which opened at 0800 (1600 GMT), started to close at 1800 (0000 GMT on 13 November).

Ausencio Chavez, outgoing governor of Michoacan, said most of the booths were installed on time and uneventfully.

Elections were also held in Puebla, Sinaloa, and Tamaulipas for deputies and municipal authorities, in Oaxaca for municipal authorities, in Tlaxcala to elect the local congress, and in Mexico City to elect Citizens Advisers for the first time.

The elections in Oaxaca were without incident and with a considerable participation of voters in 165 of the state's 579 municipalities, Saul Coronel Buaun, director of the State Electoral Institute, reported.

Oaxaca governor Diodoro Carrasco Altamirano reported that voting site official Elias Garcia Ortega died in an incident in Mazatlan de Villa de Flores.

The electoral authorities reported that State Electoral Institute officials traveled to the site of the incident to look into Garcia Ortega's death.

The ruling Institutional Revolutionary Party's State Managing Committee condemned the actions of violence in Mazatlan de Villa de Flores, where a group of people apparently affected the electoral process.

In Puebla State, the elections took place without any significant incident and polling stations, with a few exceptions, closed at 1800 (0000 GMT on 13 November). In this state the people voted to elect 217 municipal presidents and 39 local deputies.

Arnulfo Carballido, president of the State Electoral Commission, reported that at 1800 local time, the process for closing the 4,698 polling stations installed in the 26 electoral districts of Puebla began.

In Tamaulipas State, the electoral process also concluded at 1800 hours with the closing of 2,951 polling stations used to elect 43 mayors and 24 deputies.

Javier de los Santos Fraga, president of the State Electoral Council of Tamaulipas, said that the elections took place without any serious problem and that there was a good number of voters.

In Tlaxcala State, only 32 members of the local Congress had to be elected. The elections process took place in calm and concluded without any significant incident, the local authorities have reported.

In the northwestern state of Sinaloa, the elections in the 3,911 polling stations installed in 18 municipalities to elect 18 mayors and 24 deputies took place in a satisfactory fashion, according to the local authorities.

Governor Renato Vega Alvarado said that the elections' objective has been accomplished because they took place peacefully, legally, and with good participation by the parties and the citizens.

In this capital, where citizen advisers were elected for the first time, the 10,227 polling stations that were installed to serve 5.5 million potential voters, concluded their work in total calm.

The elections to elect 365 aldermen took place in a peaceful atmosphere although with a low turnout of voters, something that has been attributed to the scarce promotion that preceded the process, the authorities commented.

Institute Announces Preliminary Election Results

PA1311192795 Mexico City NOTIMEX in Spanish 1703 GMT 13 Nov 95

[FBIS Translated Text] Mexico City, 13 Nov (NOTIMEX) — According to preliminary results released t Victor Manuel Tinoco Rubi, candidate of the Institutional Revolutionary Party (PRI), is consolidating hi as the virtual winner in the elections for the g ship of Michoacan State.

The State Electoral Institute announced that after counting 60.5 percent of the polling stations, Tinoco Rubi received 38.4 percent of the total votes cast in the 12 November elections in which 113 mayoralties as well as seats for the local congress were being renewed.

According to the preliminary results, the PRI was followed by the centrist—leftist Party of the Democratic Revolution (PRD) with 29.5 percent and the conservative National Action Party (PAN) with 28.8 percent.

Elections were held on 12 November also for mayoral posts and deputy seats in the states of Puebla, Tlaxcala,

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Oaxaca, Sinaloa, and Tamaulipas, while members to citizen's councils were chosen in Mexico City.

PRI national leader Santiago Onate has ascertained that his party is ahead in all states where elections were held, according to early results.

Referring to the municipal elections, Onate has said the race was close in several municipalities, and thus his party will wait for official results.

The PAN national leadership has admitted that Felipe Calderon, its candidate for governor of Michoacan, was defeated by his PRI opponent, Tinoco Rubi, but has noted that the PAN was leading in the capitals of the states of Puebla, Oaxaca, Michoacan, and Sinaloa.

National PAN President Carlos Castillo Peraza has said calm characterized the elections in the six states and in the capital.

Puebla's State Electoral Council announced after computing 7 percent of the total votes that the PAN is ahead in the state capital with 28,739.

According to the election returns, the PAN was followed by the PRI with 19,090 votes and the PRD with 2,933 votes. In Puebla, 217 mayoralties and 29 local deputy seats were renewed.

The electoral authorities in Oaxaca have said that with more than 50 percent of the polling stations counted, the results favored the PRI in 51 municipalities, the PRD in 19, and the PAN in 11 of the 165 municipalities where elections were held.

Oaxaca Governor Diodoro Carrasco Altamirano has said the election results can be trusted regardless of who wins.

Carrasco Altamirano has congratulated the PAN winners in Tuxtepec, Huajuapan de Leon, and Oaxaca, the state capital.

The only two clashes during the elections in Oaxaca, located in Mexico's southeast, occurred in Asuncion Ixtaltepec and Mazatlan Villa de Flores, leaving two people dead.

According to the most recent data from the State Electoral Council (CEE) in Sinaloa, in the country's northwest, the PRI and the PAN are involved in a close race for 18 mayor posts and 24 local deputy seats.

After counting 25 percent of the polling stations that were installed for the 12 November elections, the electoral authorities disclosed that the PRD is running as the third political force in the state.

According to the report, the PRI was winning in Badiraguato, Cosala, Elota, Esquinapa, El Fuerte, Mocorito, Rosario, San Ignacio, and Sinaloa, while the PAN was winning in Ahome, Choix, Culiacan (the state capital), Guasave, Mazatlan, Navolato, and Salvador Alvarado.

The preliminary results in Tlaxcala State, where the local congress was renewed, favored the PRI with 45.48 percent of the votes after 100 percent of the 941 polling stations installed on 12 November were counted.

The State Electoral Council in Tamaulipas announced that according to preliminary results in 34 of the 43 municipalities where positions were being renewed, the PRI was ahead in 26, the PAN in five, and the PRD in three.

The elections in Mexico City, in which 365 Citizens Councils were chosen for the first time, were characterized by a high level of abstention, because only 20 percent of the 5.5 million registered voters went to the polls.

PRI Leads Gubernatorial Race in Michoacan

PA1411154095 Mexico City XEW Television Network in Spanish 0400 GMT 14 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] The Federal District's Central Committee of Citizen-Advisers [consejeros ciudadanos], which organized the 12 November elections, will resume its permanent session. It has reported on the vote counting so far, but not yet on the definitive percentages, which according to central committee coordinator Carlos Martinez could be available on 14 November.

It was reported that the computer system has been working permanently although there were failures in certain equipment that were immediately corrected. He added that the low turnout will not cast doubt on the representativity of the advisers [consejeros] that will be elected. The central committee's permanent session will be resumed in the afternoon of 14 November.

In Michoacan, initial results issued by the state electoral institute indicate that the Institutional Revolutionary Party's [PRI] gubernatorial candidate Victor Manuel Tinoco Rubi is leading the race. With 64.2 percent of the votes cast in the polling stations counted, the National Action Party has garnered 225,844 votes, the PRI 325,515 votes, and the Party of the Democratic Revolution 263,587 votes. [passage omitted]

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Guatemala

Reportage, Reaction on 12 Nov Presidential Elections

'No Bed of Roses' Envisioned

96CA0042A Guatemala City CRONICA in Spanish 6 Oct 95 pp 19-20, 23-24

[Article by Jessica Garcia Kihn]

[FBIS Translated Text] Listen up, presidential candidates. Stop for a moment, set aside your promises, put down your flags, and listen to this warning: Whoever ends up winning the next elections will inherit a legacy from the administration of Ramiro de Leon Carpio that will be no bed of roses. And most likely, rather than a healthy fiscal situation, the winner will find the coffers empty and will be forced to renege on his promises to do good works. And as if that were not enough, the candidate chosen by the majority will have to make the tough decisions that his predecessor failed to make, overwhelmed by the very idea of tarnishing his image as a statesman and a man of austerity. Watch out: The winning candidate will be the one who decides whether to amend the tax laws again or to go after tax evaders, whether to sell off all the government's stuff or to forget about breaking up the monopoly in the electricity and telecommunications sectors, or simply to plead insanity. All these are complicated formulas, especially considering that the legacy also includes a dilapidated public administration and a rickety infrastructure.

But if De Leon's successor prefers to follow in the footsteps of the last three presidents and consider that the only way of handling the crisis is to turn the monetary, exchange, and credit screws, he will end up plunging the country into a deep recession. The reason is simple: Every twist of the screw that the winner makes will increase operating losses and press down further on the detonator of the monetary bomb. At the same time, he will preclude the possibility of lowering interest rates, and will ultimately create disincentives for investment. Unfortunately, the president-elect will inherit a whole slew of intentions, errors, and omissions. He will have to make titanic efforts to keep the currency from weakening further and to maintain a growth rate of at least seven percent a year, so that Guatemalans can return to the standard of living they enjoyed in 1980. And remember, the public debt is huge. So take a deep breath and find out what else awaits the new president.

Fiscal Legacy

To begin with, the victorious candidate will inherit an inflated budget, so it is possible that he will have to go through the same ordeal that Finance Minister Ana de Molina has suffered this year. Although the debate has just begun, the draft General Budget of the Nation for 1996 is already causing havoc among the legislators. They are debating nothing less than the revenues and expenditures of his first year in office: more than 11.3455 billion quetzales, equivalent to 10.6 percent of the country's Gross Domestic Product. The budget initiative calls for 9.5787 billion quetzales in current revenues and capital of 1.7668 billion. These amounts entail an increase of 1.9485 billion in the former and 162.7 million in the latter.

The winning candidate had better be trusting. The deputies declare that they are not willing to pass a budget that will then put him in a bind. Above all, because revenues may turn out to be less than projected, and he may not end up with the funds promised for investment. Thus, for example, the Guatemalan Republican Front (FRG) delegation has begun asserting that the finance minister should not have estimated the proceeds from the sale of assets at 160 million quetzales. "Ana de Molina budgeted 112 million quetzales for that category this year, and she has not received a penny," says FRG Deputy Eduardo Weymann. He claims that the minister also erred in projecting an increase of 380 million quetzales due to administrative improvements. "It is doubtful whether that expectation can be fulfilled," he objects. But De Molina does not share his opinion. She has been so considerate as to leave the challenges for the future president. The minister believes that her estimates, which she alleges are based on the growth of tax revenues in the first six months of the year, will force the next treasury minister to "continue modernizing the tax system."

The congressional representatives of the National Vanguard Party (PAN) also have their suspicions that the projection of revenues from the Value-Added Tax (VAT) may be exaggerated, since sources at the Finance Ministry indicate that the miraculous growth of collections this year could be eroded by VAT refunds. "This year, Finance will reportedly have to return 300 million quetzales to exporters because of the tax credit. So far, it has returned just 25 million quetzales," says PAN member Leonel Lopez. The minister categorically denies this assertion, contending that the obligation has been met. "Last year we paid with warrants, but this year we are paying in cash," she declares. And if the winner of the presidential sash had hopes of filling the coffers with the three-point hike in the VAT, he should forget them. Marco Tulio Coronado of the National Economic Research Center (CIEN) states that every time the price of coffee goes down, and that is where it is headed now, "the country consumes less, because the Guatemalan economy is still dependent on that crop."

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Moreover, it is likely that, instead of smiles and hugs, the incoming president will receive demands to contain the widespread increases in prices that will result from raising the VAT to 10 percent.

Spending Power and the Bureaucracy

The legal challenges filed against government institutions, an obsolete public administration, and "fundomania" are other problems that the heir to the estate will have to contend with. Anyone who has taken a magnifying glass to the draft budget is aware of the "lack of clearly defined policies on the distribution of funds." Furthermore, the deputies assert that many of the projects that appear in the geographic investment budget drawn up by the Office of Internal Revenues have no feasibility studies, or have already been carried out. This means that the future president cannot execute the budgeted projects in the immediate term, or even by the middle of the year. This, on top of everything else, will make his cabinet ministers vulnerable to political attacks by Congress.

And this is one more source of anxiety: "fundomania," or the proliferation of social funds. De Leon Carpio inherited five direct investment entities, but in the last two and a half years that number has doubled. In other words, the president-elect will inherit a parallel government structure that will consume whatever financial resources are at hand. "The problem is that there has been no restructuring of the ministries' role. The funds should not have been set up so that the inefficiency of the ministries could be remedied. Otherwise, there will continue to be a duplication of resources and functions," states Maria del Carmen Acena, director of the CIEN. Congress is now examining the possibility of reducing the number of funds, and the presidential candidates should be following that discussion very closely.

Thus, in addition to juggling funds, the winner will have to deal with the matter of inefficient ministries. At this juncture, the candidates may already be aware that Health and Education are the most pathetic examples. And if they do not undertake to restructure these ministries, as well as all agencies of the public administration, this problem may persist. The ineffectiveness has been patently obvious this year, even though the budget allocations for public investment in these sectors in 1995 were more generous than in previous years: 249 million quetzales. Illiteracy, malnutrition, infant mortality, the lack of sanitation and infrastructure, and the lack of potable water, among other things, will continue to haunt the new president every day. "In many instances, this situation can be blamed on the failure of the Finance Ministry to transfer the money to the other ministries and decentralized agencies," says Eduardo Velasquez, coordinator of the Center for Urban and Rural Research of the state university. De Molina insists, however, that the public entities "are carrying out their physical budgets and are transferring the purchase and payment orders to Finance."

Reform of Discord

No one can explain, and very likely none of the presidential aspirants can understand either, why the surge in tax revenues as a result of the amendments in tax legislation has not been reflected in social spending. Remember well, sirs, that the promise of investment was De Leon's main argument for waging a fiscal battle with the private sector for a year and a half. This was a conflict that had it all: secret meetings among congressional representatives, general secretaries of the political parties, and government officials; outbursts and dirty looks; and long-winded presidential speeches broadcast from Europe on the national radio and television network. But the desired result was not achieved; rather, challenges before the Constitutional Court removed the underpinnings from the reform program championed by Ana de Molina. Deputies say these appeals led to a gap of 1 billion quetzales between government revenues and spending.

Nonetheless, after Ramiro de Leon blamed businessmen for the economic debacle that loomed on the horizon, the situation suddenly changed. During the first half of the year, tax collections increased by more than 33 percent. And while De Molina contends that the improvement is the result of the reform, some analysts attribute the change to the rise in coffee prices, and others doubt the veracity of Finance's data.

In the final analysis, the government entities' obvious thirst for funding has forced De Molina to acknowledge that the reform was not enough to meet the needs of the public administration. "The internal debt is unavoidable. I inherited a ministry with a floating debt of 1.2 billion quetzales and a deficit of 944.5 million quetzales for 1993. Last year, the former was kept constant, while the latter climbed to 1.3033 billion quetzales because of the delay in passing tax legislation," explains the minister. Let us hope that the next finance minister does not end up giving excuses any worse than these. But if the future president, besieged by circumstances, decides to embark on a new tax reform program, he will have to bear in mind that he is starting out with a negative balance caused by the mismanagement of the last tax reform.

Meanwhile, to keep the bureaucrats from sitting on their hands, De Molina has made use of CERTIBONOS. Thus, in fiscal year 1994-95, her ministry negotiated

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bonds amounting to 829.8 million quetzales on the National Securities Market alone. On that account, authorities estimate that this year the government's internal debt will rise to 5.0739 billion quetzales, 0.6 percent less than in 1994. "We have had to go into debt to pay off previous commitments," argues the minister. If the candidates pay close attention, they will realize that the "we" includes the next president as well.

Monetary Legacy

The tentacles of the internal debt reach beyond the walls of the Finance Ministry. Thanks to the financial debacle caused by deficit budgets and the policy of keeping the quetzal on a par with the dollar, the operating losses of the Bank of Guatemala (BANGUAT) now exceed 6 billion quetzales. And the only remedy for this is the recapitalization of the central bank, a somewhat utopian prospect, given the state of public finances and the current president's reluctance to privatize or demonopolize public services. Analysts, deputies, and monetary authorities agree that only a strong dose of special revenues can alleviate the pressure of operational losses, which have not been called a "monetary bomb" for nothing. "Since 1992, we have been warning that the stabilization policy based on public bond issues would cease to be effective," recalls Willy Zapata, president of BANGUAT.

But although the stabilization policy has made it possible to bolster international monetary reserves and cut the rate of inflation from 60.6 percent in 1990 to 11.6 percent last year, the cost has been tremendous. The price of money is still high, and will not decline until the central bank is recapitalized. As of 21 September, the average interest rate for loans was 21.54 percent, which will make it difficult for any presidential candidate to fulfill his promises to reactivate the economy; with interest rates high, anyone who wants to launch a business will have to think not just twice, but trice or more.

Bear in mind that BANGUAT also has another tool for getting money from the economy: the bank reserve requirement and mandatory investments. Although the former declined by 1.5 percent last year, bankers claim that these payments not only make financial intermediation more expensive, but also have caused the market to move from a quetzal drought to a quetzal flood. This translates into an unstable credit market.

In spite of that, De Leon's heir will have some advantages over his predecessors. "The exchange rate system has been liberalized, and changes have been made in banking laws to facilitate the entry of new institutions and expand the supply of services," indicates Hugo Maul, president of the CIEN. In addition, as a result of an amendment to the Constitution, the central bank cannot make loans to the Finance Ministry. This does not mean that the changes have been sufficient to eradicate the monetary cancer. Zapata warns that if no solution can be found to the central bank's losses next year, the new government may drag the country into a full-fledged recession.

Spoiled Tools

Another factor is the adverse situation the future president will face due to Ramiro de Leon's misuse of two of the most useful tools for eliminating privileges, attracting foreign investment, supplying the treasury with funds, and improving services: privatization and demonopolization. The task will not be easy, especially after the controversy stirred up by the president's indecision in the electricity and telecommunications sectors. In the first case, in addition to politicizing the rate increase, De Leon vetoed the law on the National Institute of Electrification (INDE) that Congress passed late last year. He swore that there would be no power outages, yet houses went dark. "And although the new INDE rate schedule has just gone into effect, there are still no solutions for the Guatemalan Electricity Enterprise," contends Deputy Weymann.

The Guatemalan Telecommunications Enterprise (GUATEL) is in the same boat. The unions' protest prompted the president to close the government privatization office headed by Manuel Ayau. Later on, the state telecommunications enterprise invited bidding on cellular telephone band A, and investors had a tremendous let-down. "This detracts from the country's credibility abroad," say legislators. Which means that, in addition to trying to expand the coverage of services, the people's choice will have to right the wrongs perpetrated by others and win back investors' confidence.

Whoever wins the elections will also have trouble standardizing tariffs, despite the fact that Guatemala accepted the commitment to trade integration with the other countries in the Americas by the year 2005. The reason is that in April, Ramiro de Leon Carpio decided to set the rate for imports at 10 percent. "He used that tool to exert pressure on the private sector, and all he managed to do was spoil that tool, because the unification did not even last a month," contends Maul.

The uncertainty generated by the economic measures of the current administration will be the greatest problem faced by the next administration. According to some economists, it is the uncertainty and the lack of credibility of official figures that most seriously hamper economic activity. Proof of this is the recent rise in the price of the dollar to six quetzales. Although monetary

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authorities insist that the depreciation of the exchange rate is seasonal, BANGUAT figures show that in August the country spent $216.9 million on imports, less than it had during the first six months of the year. The fact remains that, although the trend is toward a lower exchange rate, there is still latent distrust, and not even the magic of the new president can dispel it.

Uncertain Inheritance

"To achieve sustained growth, promoting investment is indispensable," argues Carolina Roca, former vice minister of finance. But mind you, that cannot be accomplished with speeches. "We need infrastructure," says Deputy Soto. And the task will not be easy. Just to equal Costa Rica's highway network, Guatemala would have to invest $17 billion over the next 10 years.

Moreover, Roca believes that confidence in the legal system is needed as well. "Common crime is not the only worry; there is also the courts' slow pace in resolving commercial disputes. It has gotten to the point that private contracts between Guatemalan and foreign businessmen provide for differences to be resolved in the courts of New York," comments the former vice minister. In addition, Ramiro de Leon Carpio's broken promise to revamp the Property Registry should be renewed.

The commitments contained in De Leon's 1994 and 1995 Government Plans entailed laying the groundwork for moving from economic stability to sustained development, perhaps something similar to what the candidates are promising right and left. But everything remained on paper. And now the situation is such that the winner of the elections may as well start praying, because the challenges he will face are no joke. His legacy will not be a bed of roses, but rather a bed of thorns.

Polls: PAN's Arzu Leads, Runoff Expected

PA1011022695 Guatemala City LA REPUBLICA in Spanish 9 Nov 95 p 5

[Report by Ramon Hernandez S.]

[FBIS Translated Text] The two latest polls conducted before next Sunday's elections confirm that Alvaro Arzu (PAN) [National Vanguard Party] will be the winner, but also that there will be a runoff election on 7 January and that his rival may be Alfonso Portillo (FRG) [Guatemalan Republican Front], who holds second place in the vote intentions of Guatemalans nationwide.

The polls were conducted by Asies and the firm Paradigma for the daily LA REPUBLICA. Both were conducted in recent days to have a clear idea on what may happen at the polls on Sunday, and they both produced similar results in the most important indicators.

The poll "Citizens' Participation, Elections 1995" conducted by Asies granted 34.7 percent of the vote to Arzu and the PAN for the presidency, while the survey LA REPUBLICA-Paradigma gave Arzu 33.2 percent of the preference. Both polls placed Arzu still way ahead of Portillo, who became consolidated as the runner-up and a potential finalist with 16 percent and 15.3 percent, respectively.

Although the showing of the PAN candidate declined in both polls, in comparison to other polls conducted by the same firms last month, this reduction did not benefit any of his rivals. Rather, the number of undecided persons or those who say they don't know or simply don't say who they will vote for has increased. Asies placed the number of undecided persons at 14.4 percent and LA REPUBLICA- Paradigma at a high 30 percent.

Other Contenders

There are other similarities in the polls regarding the other candidates, although not all figures and rankings are identical. We present below the ranking obtained by all presidential candidates (in parenthesis we published first the percentage according to Asies and then according to the LA REPUBLICA poll):

Fernando Andrade, of the National Alliance (10.6/4.0 percent), is on third position, followed by Acisclo Valladares (6.8/3.4 percent), while in the following positions there are differences regarding the positions, although not so much on the percentages obtained:

Jorge Gonzalez del Valle (3.9/2.3 percent); Jose Luis Chea (3.6/0.8 percent); Jose "Pepe" Fernandez (0.7/1.3 percent); Hector Alejandro Gramajo (0.9/1.0 percent), and then comes the long list of candidates who did not even get 1 percent.

According to a "sensibility analysis" conducted by the specialized staff of Paradigma — consisting of assigning the vote of the undecided or those who did not respond proportionately to the candidates — the preference for Arzu could go as high as 47 percent and that of Portillo to 21.8 percent, but this would not prevent the runoff election on 7 January.

The LA REPUBLICA-Paradigma poll also measured the vote intention for deputies, with nationwide results favoring the PAN with 28.9 percent, followed by the FRG with 14.6 percent; the National Alliance with 4.4 percent, and the MLN [National Liberation Movement] — which did not show for the presidential election — obtained a 3.3 percent. This may perhaps result in the

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MLN winning some Congressional seats, which could save the party from extinction.

Berger Will Be Reelected Without Opposition

The battle for the [Guatemala City] mayor's office will be much less complicated, because Mayor Oscar Berger Perdomo (PAN) has a wide advantage. The LA REPUBLICA-Paradigma poll gave him 51.5 percent of the vote against just 7.7 percent in favor of Oscar Recinos of the Group 22 and 1.7 percent of Jose Angel Lee, his closest rivals.

Due to the high number of undecided persons or those who do not say who they will vote for, on Sunday, for mayor (29.8 percent), the sensibility analysis leads us to believe that for his reelection, Berger could obtain more than 70 percent of the cast votes, while Recinos could go up to 11 percent.

The Asies poll highlighted that most Guatemalans (90 percent) are ready to vote or so expressed, although an analysis predicted it will be unlikely to have such turnout next Sunday.

Technical Details

ASIES Poll

The third poll, "Citizens' Participation, Elections 1995," was conducted by Asies between 3 and 5 November, with a sample of 4,267 people. Therefore, it has been estimated it has a 5.2 percent error margin.

Results were obtained nationwide through "face-to-face" interviews on a questionnaire structured with open and closed questions, taking into account Guatemalans, men and women, of 18 or more years of age, residing in homes accounted for in the urban and rural census in the Republic of Guatemala.

Daily "LA REPUBLICA-Paradigma" Poll

The poll "Political Intentions, Elections 1995" was conducted in the last week of October and the first of November nationwide, at the request of daily LA REPUBLICA by the firm Paradigma. This poll was done from a sample of 1,197 people, providing data with a sample error of less than 2.9 percent.

URNG Downplays Survey Results

PA1111024395 Guatemala City PRENSA LIBRE in Spanish 10 Nov 95 p 3

[FBIS Translated Text] The Guatemalan guerrillas yesterday downplayed the importance of the results of the surveys on the presidential elections that are scheduled for 12 November, saying *the survey results are biased and do not reflect the real preferences of the voters.*

In statements made over the telephone from Mexico, Rolando Moran, one of the commanders of the rebel Guatemalan National Revolutionary Unity, URNG, said the majority of the surveys have been conducted in urban areas.

In this regard, he added, *they do not reflect the preferences of the countryside, not only because of there are difficulties in reaching the rural areas, but also because of the traditional inhibition of its residents.*

According to the latest surveys, the favorites are conservative candidates Alvaro Arzu, from the National Vanguard Party, PAN, and Alfonso Portillo from the Guatemalan Republican Front, FRG, led by General Efrain Rios Montt.

Jorge Gonzalez, from the leftist New Guatemalan Democratic Front, FDNG, is far behind.

Commander Rolando Moran, who is participating in Mexico in another round of talks with the government, said, however, that *his country's grass-roots sectors are testing their strengths, not their electoral strength, but their political strength.*

He added that *regardless of the results of the elections, the new option that has emerged must be the nucleus for the organization of a great political force that can come up with a new alternative.*

According to Moran, whose organization declared a unilateral cease-fire to allow for the holding of the elections, none of the candidates who appear as favorites constitute a new option.

Indian Leader Warns of Fraud

PA1111030395 Panama City ACAN in Spanish 0123 GMT 11 Nov 95

[FBIS Translated Text] Guatemala City 10 Nov (ACAN-EFE) — A peasant organization charged today that the names of thousands of Indians have been expunged from the electoral lists and warned of the possibility of electoral fraud in Sunday's general elections in Guatemala.

Pedro Esquina, one of the top leaders of the National Indians and Peasants Coordinating Board [Coordinadora Nacional Indigena y Campesina], affirmed that irregularities have been detected in the electoral lists, which have over 3.7 million citizens registered.

According to Esquina, the names of several Indians from villages in the interior of the country who are fighting to keep their lands do not appear in the lists, although they have their registration cards.

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The Indian leader said that the purpose of expunging the peasants from the lists is to pave the way for electoral fraud, although he declined to say who would benefit by it.

Supreme Electoral Tribunal [TSE] President Mario Guerra, however, has ruled out the possibility of fraud and affirmed that the electoral lists were properly purged by the Citizens' Registry (RC).

International observers have also affirmed that for the time being no irregularities have been detected in the process and that they expect the voting will take place in a climate of tranquillity and confidence.

The TSE president foresees that 50 percent of registered voters will cast their ballots in Sunday's elections.

Several analysts concurred that the lack of free transportation could be a decisive factor in the voting that will serve to elect the president and vice president, 300 mayors, 80 deputies to the Congress, and 20 deputies to the Central American Parliament.

Urban Transit Association President Gustavo Pineda said that service will be normal and based on the rates authorized by City Hall, because no agreement was reached with the TSE.

Guerra explained that bus owners turned down a subsidy of 1.5 million quetzals (approximately $250,000) to provide free transportation, arguing that on Sunday they earn twice that amount.

FRG's Portillo on 'Social Capitalism'

PA1211171495 Paris AFP in Spanish
0150 GMT 11 Nov 95

[By Edouard Pons]

[FBIS Translated Text] Guatemala City, 10 Nov (AFP) — The presidential candidate for the Guatemalan Republican Front, FRG, Alfonso Portillo, said on 10 November he is a supporter of "social capitalism" and is willing to face the military leadership and the oligarchy to end impunity and to modernize the country.

According to the surveys, Portillo is the second most favorite presidential candidate behind Alvaro Arzu of the National Vanguard Party, PAN.

In an interview with AFP, Portillo, who has made the security issue one of the central topics of his campaign, said 38 percent of the crimes in his country are committed by his country's security forces and stated his intentions to end this situation and to modernize the powerful Armed Forces.

Asked about a possible confrontation with the military, Portillo said: "The Army has to recognize that the world has changed and that the country is no longer a farm."

"There is a current of young officers who believe it is necessary to redefine the Army's role," he said.

The FRG candidate insisted on the necessary "professionalization" of the Army—that is, its "subordination to the national interests"—and its reduction. He added that the current military leadership "is afraid" of the FRG plans.

He said, however, a military coup would be impossible if he reaches power because of the international community's opposition and because his party is well organized and well rooted in the country.

Portillo appeared in the campaign as a puppet of the FRG's secretary general, former dictator Efrain Rios Montt, who was prevented from running for office for having led a military coup in 1982.

His electoral posters read, "Portillo to the Presidency, Rios Montt to power."

Portillo said Rios Montt "is leading the FRG project," and he justified the repression led by "the general" by the existence of a war. The accusations of human rights violations against him "were never proven," he said.

As for the peace agreements between the government and the guerrillas of the Guatemalan National Revolutionary Unity, URNG, he said "progress has been made" but there are certain "unfeasible" things.

"All those things that have a projection toward the future are feasible. All those things that mean digging up the past lead to confrontations," he said.

"It is necessary to achieve a serious reconciliation process," he added, saying the guerrillas must prove a commitment for change and not continue waging an open war.

Portillo described himself as "a man of the left who no longer believes in economic planning or proletarian dictatorship," and he called for a "national" economic policy that can break with the privileges and monopolies and can allow for competition.

"I believe in a social market economy with the state providing subsidies, in a capitalism with a social content," he said, adding that the PAN represents "the continuity of privileges and state protectionism" and has the support of the military leadership and the most conservative members of the Guatemalan oligarchy.

Support for the FRG has apparently increased in the last few days, according to various observers. A survey

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conducted by the FRG itself has indicated that Arzu would obtain 23.8 percent of the votes and not the 42 percent obtained in other surveys, while Portillo would obtain 22.7 percent.

Polling Stations Open as Scheduled

PA1211134595 Panama City ACAN in Spanish 1303 GMT 12 Nov 95

[FBIS Translated Excerpt] Guatemala City, 12 Nov (ACAN-EFE) — Guatemalan elections to choose new authorities, including president and vice president, began today at 0700 (1300 GMT) throughout the country.

A source from the Supreme Electoral Tribunal (TSE) said that polling stations opened as scheduled and that the polls will close at 1800 (0000 GMT). [passage omitted]

Elections Held Peacefully; Police Patrol

PA1211162595 Mexico City NOTIMEX in Spanish 1518 GMT 12 Nov 95

[FBIS Translated Excerpt] Guatemala City, 12 Nov (NOTIMEX) — Mario Guerra Roldan, president of the Supreme Electoral Tribunal (TSE), declared open the voting in the country at 0700 (1300 GMT) today. The elections began amid calm and with a large voter turnout.

One hour after the more than 3,000 polling tables opened, the elections were being held peacefully, with voters continuing to arrive at the polls. Voting is scheduled to close at 1800 (0000 GMT).

At the polls in this capital, NOTIMEX has confirmed there are long lines of voters who began forming them nearly one hour before the polls opened.

Meanwhile, the 12,000 members of the National Police (PN) are watching the polls and nearby areas and patrolling the streets as part of a security plan for the elections. [passage omitted]

Registration of Poll Watchers Rejected

PA1211161895 Guatemala City Radio Mundial Network in Spanish 1521 GMT 12 November 95

[FBIS Translated Text] A complaint has been filed at the Human Rights Ombudsman's Office stating that the Supreme Electoral Tribunal [TSE] is rejecting without any explanation the registration of poll watchers of the New Guatemala Democratic Front [FDNG] in the departmental capital of San Marcos and the municipality of El Fundador.

The TSE is preventing poll watchers from registering at the various polling tables they had been assigned by the FDNG in San Marcos and El Fundador. The complaint states that TSE authorities in that department are violating the people's political rights by hindering the normal development of the electoral process in this region. [3-second break in transmission]

The electoral process might be considered irregular without the supervision of the poll watchers designated by the FDNG, which has been the target of a boycott by various sectors for being a representative of the Guatemalan left.

Unity Front Candidate on Electoral Tribunal

PA1211173895 Guatemala City Radio Mundial Network in Spanish 1554 GMT 12 Nov 95

[Interview with Hector Gramajo Morales, presidential candidate of the National Unity Front and Democratic Institutional Party, by unidentified reporter in San Juan Ostuncalco, Quezaltenango Department — live relay]

[FBIS Translated Text] [Reporter] We are live [words indistinct] turnout of people [words indistinct] estimate in Quezaltenango?

[Gramajo] Good morning, it is a cool morning for the elections. I am really surprised, because compared to the previous two events, the [words indistinct] contrasts with this event, which truly belongs to the people, is an initiative of the people, and falls within the country's laws. It is completely different [words indistinct]. I remember the last time I cast a no vote and when I also came to vote for [words indistinct].

[Reporter] General, has there been any problem [words indistinct] in Quezaltenango?

[Gramajo] [Words indistinct] cordial environment [words indistinct] the gentlemen of the Supreme Electoral Tribunal [TSE] [words indistinct] large number of observers, and they are very impartial.

[Reporter] [Words indistinct]

[Gramajo] [Words indistinct] a line [words indistinct].

[Reporter] General, how do you view the international coverage of the electoral process in Guatemala?

[Gramajo] I believe this is a good opportunity for the international community to see how much Guatemalans have advanced in peaceful coexistence and democratic practice. Unfortunately, certain international media still report Guatemalan events superficially, and Guatemala is stigmatized, but on this third occasion [words indistinct] through direct means [words indistinct].

[Reporter] General, what do you think [words indistinct] asking abroad [words indistinct] El Salvador has called

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and Radio Caracol and Radio Colombia have also called. What do you think [words indistinct]?

[Gramajo] That is part of the attacks against the country abroad by someone who wants to create a bad image. This is not a government project. The government already has its party; it has its bias, but the TSE is completely independent [words indistinct]. Knowledgeable professionals head it. They are lawyers who can only lose the prestige they have already won. I trust the TSE and its delegates, who are part of the people and not of the government. I am not foreseeing any fraud even if the government is biased.

[Reporter] [Words indistinct] what is your message to the Guatemalan people in these elections, which began a few hours ago?

[Gramajo] I am telling the Guatemalan people to trust the system. I am running to support and strengthen the system. The TSE deserves the Guatemalans' confidence. The bad impression caused by the government's bias in this electoral process should not affect the TSE, because it is completely autonomous; therefore, I invite everyone to participate with confidence.

Elections Conclude 'Uneventfully'

PA1311003495 Mexico City NOTIMEX in Spanish 1815 GMT 12 Nov 95

[FBIS Translated Text] Guatemala City, 12 Nov (NOTIMEX) — Guatemala's general elections concluded uneventfully this afternoon at 1800 (0000 GMT on 13 November). There were no serious incidents. Contradictory reports on the turnout have circulated.

Indians Said To Vote in Large Numbers

PA1211195695 Mexico City NOTIMEX in Spanish 1850 GMT 12 Nov 95

[By Herbert Hernandez]

[FBIS Translated Text] Santa Cruz del Quiche, Guatemala, 12 Nov (NOTIMEX) — Hundreds of Indians are going to the polls today in this city located in Guatemala's northwestern area, one of the regions most affected by the 35-year-old, armed, internal conflict in this country.

The atmosphere here this morning is calm despite the Guatemalan Indian majority's traditional indifference to elections and despite the fact that Quiche Department, the capital of which is Santa Cruz del Quiche, is one of the main sites of the internal war.

The local voters, wearing colorful clothes, are going to the polling tables in an unusually high number despite the traditionally high levels of electoral abstention both at the national and regional levels.

Hundreds of Indians were forming lines since 0500 (1100 GMT), two hours before the rest of the country, in front of the buildings where the more than 20 polling tables set up in this departmental capital are located.

Salome Alvarez, one of the Indian voters, told NOTIMEX: "We (he and his family) came last night to wait for the opening of the voting, because we are the ones who have to decide."

The progress of the elections in this city, located approximately 193 km northwest of the Guatemalan capital, is being watched by election observers from the OAS, the EU, and other international organizations.

One of the OAS observers said he was surprised by the high turnout of the local voters, especially the Indians, the sector most affected by the Guatemalan internal war.

The counterinsurgency offensive launched during the de facto government of now retired General Efrain Rios Montt was the stage for massacres committed by the Guatemalan Army in some 400 Indian villages, most of them in northwestern Guatemala.

Hotels and rooming houses have been filled since last night, and buses and trucks overflowing with people are arriving, transporting voters from various villages of Quiche to this city.

The local volunteer fire department stated this morning that it had no reports of electoral violence or clashes between the guerrillas of the Guatemalan National Revolutionary Unity (URNG) and the Army unlike previous elections.

The URNG has been maintaining a unilateral cease-fire since 1 November. Its 13-day, nationwide cease-fire is its contribution to peaceful elections in the country today. The guerrilla measure will conclude at midnight local time (0600 GMT).

Meanwhile, members of the National Police and the Treasury Police are maintaining their watch as part of a national security plan to ensure there is calm today and the following days.

Approximately 3.7 million Guatemalans are registered to vote today to elect a president, vice president, 300 mayors, 80 deputies to the national congress, and 20 deputies to the Central American Parliament.

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'Abstention' Rate Said High

PA1211221595 Paris AFP in Spanish 2045 GMT 12 Nov 95

[Report by Gonzalo Marroquin G.]

[FBIS Translated Text] Today's elections in Guatemala proceeded quietly but the low turnout of voters indicated the presence of the ghost of abstention.

Meanwhile, the leading contenders for the presidency share the view that there will be no winner today and that it will be necessary to hold runoff elections on 7 January.

According to probes conducted by the local media, only 20 percent of the 3.7 million eligible voters had voted by noon. Politicians and officials, however, think the turnout is "positive" compared to the most recent elections.

After voting in one of Guatemala City's 1,162 voting sites, President Ramiro de Leon Carpio said: "We are moving forward with democracy." He added that the climate of the elections "is very peaceful" and that the number of voters is higher than in previous elections.

In addition, the leading candidates for president, Alvaro Arzu of the rightist National Vanguard Party and Alfonso Portillo of the also rightist Guatemalan Republican Front agreed that runoff elections will be necessary in January.

Arzu, who voted amid his followers' jubilant shouts, announced: "We will not run without alliances." He expects to be the great winner in today's elections, because the opinion polls give him 37 percent of the votes.

Portillo voted in Zacapa, located in the country's eastern quarter, 148 km away from the capital. Afterward he held a news conference in which he said he is sure to come out the winner.

The first results will be announced at about midnight. The Supreme Electoral Tribunal has advised that the vote count will be slower this time, because this is the first election with 19 candidates for president and 25 political parties. Also, this is the first time voters received five ballots each.

Guatemalans are today electing the occupants of 402 positions, including those of president, vice president, 80 Congress deputies, 20 Central American Parliament deputies, and authorities for 300 municipalities throughout the country.

All of the opinion polls conducted previously had predicted a massive turnout. This prediction, apparently, will not come true, judging by the reaction of the voters early in the day.

A total of 12,000 security agents were deployed throughout the country. Their presence was more evident around voting sites. In addition, soldiers disappeared from the streets and were confined to their quarters so they can be prepared for any emergency.

Candidates Reaffirm Pledges After Vote

PA1311002995 Mexico City NOTIMEX in Spanish 2230 GMT 12 Nov 95

[FBIS Translated Text] Guatemala City, 12 Nov (NOTIMEX) — The four candidates for president, after voting in the general elections held in Guatemala today, reiterated their electoral pledges to consolidate democracy.

Alvaro Arzu, Alfonso Portillo, Fernando Andrade, and Acisclo Valladares reaffirmed that they will implement the necessary changes to improve the country and strengthen democracy in Guatemala.

Arzu, former Guatemalan foreign minister and former mayor of Guatemala City, who is the candidate for the rightist National Vanguard Party [PAN], said that, if he is elected president, he will try to "organize the government" to make it more efficient. In this way, he said, it will be possible to eliminate the social structure that leads to "first- and second-class citizens" based on privileges. Arzu, whom the opinion polls hold as winner by 42 percent in today's elections, voted at a voting site located in Zone 13, a residential neighborhood in Guatemala City.

Portillo, candidate for the also rightist Guatemalan Republican Front [FRG], reaffirmed his pledge to govern for the majority, combat poverty, which affects 80 million of Guatemala's 10 million people, and construct "a new country." The candidate, whom the opinion polls gave a distant second place with 15 percent, made these remarks after voting in the Department of Zacapa. Portillo was designated candidate after the Supreme Electoral Tribunal repeatedly turned down the request of former de facto military president and top FRG leader Efrain Rios Montt and his wife. The Constitution forbids those who have supported or governed via a coup d'etat to be president.

Andrade, candidate for the centrist National Alliance — made up of three parties — said that today's elections are "the expression of the Guatemalan people's will to strengthen their democratic system." This candidate, another former foreign minister and representative of the Guatemalan Christian Democracy, National Union of the Center, and the Social Democratic Party, voted in

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the presence of a small number of followers. Andrade's government would eradicate the traditional influence of the military sector and establish the "civilian power's preeminence."

Valladares, candidate for the populist Progressive Liberator Party, is a former attorney general.

Arzu, Portillo, Andrade, and Valladares are the four leading candidates from among the 19 candidates for president representing 23 parties. The elections, which opened this morning at 0700 (1300 GMT), will close at 1800 (midnight GMT).

International Observers Report Low Turnout

PA1411202295 Guatemala City PRENSA LIBRE in Spanish 13 Nov 95 p 136

[FBIS Translated Text] International and national observers agreed yesterday that the winner of the elections was once again voter abstention, which ranged between 50 and 60 percent, depending on the country's department, even though the electoral authorities believe it is too soon to report voter turnout.

Vittorino Alloco, EU ambassador to Central America, said at 2100 that EU observers estimate voter abstention at 45 to 50 percent because of the information and transportation problems at the voting centers.

Rigoberta Menchu Tum, Nobel Peace Prize winner, said at 2130 that she hoped that voter abstention would not exceed 30 percent, but according to the observations made in various municipalities in the western part of the country, voter turnout will not exceed 50 percent.

David Lopez Pacheco, from the Costa Rican Institute of Political Studies, ICEP, said at 2000 that in his visit to various municipalities from the central part of the country during the closing of the voting tables, it was found that voter turnout would not exceed 40 percent.

Voting System Must Be Changed

Frank LaRue, from the Human Rights Legal Action Center for Guatemala, suggested at 2100 that voter abstention should force the electoral authorities to reorganize their voting system with the purpose of adapting it to the country's social and economic reality.

He added that the magistrates of the Supreme Electoral Tribunal, TSE, should create mechanisms to help citizens cast their votes, especially those living in rural areas, with a massive information campaign and the holding of elections on days in which all peasants can vote.

Number of Ballots Makes Vote Counting Difficult

Luis Antonio Morales, secretary general of the TSE, said at 1030 last night that it is still too soon to establish the percentage of voter abstention because the number of ballots authorized for five different elections made it difficult for the authorities to release the information with the speed the magistrates would have wanted.

Official: No Irregularities Reported

PA1311030295 Panama City ACAN in Spanish 0046 GMT 13 Nov 95

[FBIS Translated Text] Guatemala City, 12 Nov (ACAN-EFE) Although the elections were held peacefully and without any incidents, fear over a high rate of abstentions prevailed in Guatemala at the close of the polls at 1800 (0000 GMT). Felix Castillo, director of the Citizens' Registry, described the elections as "very positive," because "a large number of citizens voted." Castillo, however, believes that only a little over 50 percent of the 3.7 million Guatemalan voters participated in the elections for president, Congress deputies, Central American deputies, and 300 municipal positions.

Castillo said that no irregularities were observed and that "everything was normal in the elections, the eighth after the current Constitution was promulgated in 1985." He also said that 21,000 candidates of the various parties ran for the 2,228 positions, the names of which were printed in colored ballots. He also said that the vote count will be "a little" more complicated that in previous elections, although the Supreme Electoral Tribunal [TSE] is pretty well organized.

A TSE source said the vote count will start after the 6,348 voting sites set up in the country's 22 departments are closed.

TSE has started to receive the partial election results from the TSE delegates in the country's interior via fax. The results are expected to be announced officially after 2100 (0300 GMT).

These elections were held during a cease-fire, which was unilaterally declared by the rebels to be effective as of 1 November to facilitate the elections. The cease-fire concludes at midnight today.

Guatemala is the only Central American country where subversive violence prevails. Over the past 35 years, this violence has cost the lives of 150,000 people, according to private humanitarian organizations.

Town Residents Protest FRG Victory

PA1311125995 Mexico City NOTIMEX in Spanish 0728 GMT 13 Nov 95

[FBIS Translated Text] Guatemala City, 13 Nov (NOTIMEX) — The victory of the rightist Guatemalan Re-

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publican Front [FRG], according to the preliminary results of the elections for city mayor in a southern town of this country, has led to disturbances in the area, the [words indistinct] has reported. Hundreds of residents of Milpas Altas in southern Santa Rosa Department violently broke into the local municipal office to protest the election of Carlos Enrique Pineda Lopez of the FRG, a resident of the area has told a radio station.

Radio Sonora has reported that Pineda and other individuals were hurt during the attack and that the Santa Rosa municipal office was damaged. The source added that policemen went in to help the individuals who were hurt. This report has not been confirmed by the National Police (PN) or the public assistance groups of Guatemala City.

The incident took place a few hours after the Supreme Electoral Tribunal [words indistinct] of the national elections held yesterday.

Arzu: Favorable Vote Trend 'Irreversible'

PA1311153795 Mexico City NOTIMEX in Spanish 1120 GMT 13 Nov 95

[By Pablo Palomo Reyna]

[FBIS Translated Text] Guatemala City, 13 Nov (NOTIMEX) — Rightist political leader Alvaro Arzu said the vote trend in his favor is irreversible and celebrated with his followers this morning his virtual victory in the Guatemalan presidential elections.

The National Vanguard Party (PAN) candidate won the general elections held 12 November by an absolute majority, according to his own figures based on the vote count of the Supreme Electoral Tribunal, a high-ranking party leader has said.

At 0200 on 13 November, the PAN candidate reportedly surpassed the 51 percent plus one vote mark [as received] (which corresponds to the absolute majority of the vote) and proclaimed himself president without having to participate in a runoff election.

The candidate's spokesman, Deputy Ricardo de la Torre, has told NOTIMEX that the trend is irreversible and that the results of the vote count confirm Arzu's victory in the first round.

According to the PAN count at 957 voting tables in the capital, of a national total of 6,348, Arzu leads the race with 53 percent "nationwide," De la Torre has said.

The presidential candidate on Monday morning headed a noisy celebration with his supporters at the party's headquarters in Zone 9 of the Guatemalan capital, saying the favorable trend for the PAN being reverted is "almost impossible."

The "victory" party at the yellow house, the party color, began with a noisy celebration that stood out in the dark following a sudden power outage, which lasted over an hour.

Hundreds of PAN followers celebrated nonstop despite the outage, the reasons for which have not yet been explained and which left the capital and half the country without power starting at 0020 on 13 November.

De la Torre said at the conclusion of the celebration, at around 0400, that the candidate will take a rest to "regain his strength" and begin the organization of his party in preparation for a government.

In a previous interview with the foreign media, Arzu ruled out the possibility of having to participate in a runoff election, but he said he is equally "prepared" to face such a possibility.

With an air of victory, the 49-year-old politician said "the people and their vote (in favor of the PAN) were the only true survey."

"Guatemala has lit the torch of optimism," the PAN candidate said after criticizing his political adversaries, who offer "demagoguery and populism," he said in clear reference to Alfonso Portillo, his definite rival in a possible runoff election.

Arzu and his principal advisers left the celebrations "to rest," with the certainty, as shown on their faces and in their attitudes, that it would be a matter of hours before their victory is affirmed.

In case the trend continues, Arzu will become the successor of President Ramiro De Leon Carpio. He could become the first candidate to win in a first round since democracy was installed in 1985.

Arzu Garners 48 Percent of Votes

PA1311202395 Madrid EFE in Spanish 1909 GMT 13 Nov 95

[FBIS Translated Text] Guatemala City, 13 Nov (EFE) — Alvaro Arzu, the conservative presidential candidate of the National Vanguard Party (PAN), has garnered 47.89 percent of the 523,049 valid votes counted in the general elections held in Guatemala on 12 November.

The votes counted so far correspond to 1,119 polling tables out of the 1,162 polling tables installed in Guatemala City and 84 set up in the 330 municipalities in the interior of the country where the elections were held.

Although the Supreme Electoral Tribunal (TSE) has not given overall figures of the voting, EFE has learned that Arzu continues to lead this round, but he has not yet

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obtained the majority of the valid votes cast; that is, 50 percent of the votes plus one.

The following parties participated in the elections: National Vanguard Party, PAN, rightist; Guatemalan Republican Front, FRG, rightist; National Alliance, rightist, made up of the National Union of the Center, UCN, Guatemalan Christian Democracy, DCG, and the Social Democratic Party, PSD; New Guatemalan Democratic Front, FDNG, leftist; and the Progressive Liberator Party, PLP, rightist.

Partial results of the elections:

Votes cast	568,698	100 percent
Valid votes	523,049	91.28 percent
Null votes	29,894	5.71 percent
Blank votes	15,755	3.01 percent

Candidate	Party	Votes	Percentage
Alvaro Arzu	PAN	250,493	47.89
Alfonso Portillo	FRG	106,647	20.38
Fernando Andrade	UCN-DCG-PSD	45,481	8.69
Eduardo Gonzalez	FDNG	34,070	6.51
Aciaclo Valladares	PLP	29,702	5.67

Electoral Tribunal on 'Violent' Incidents

PA1411003795 Mexico City NOTIMEX in Spanish 2038 GMT 13 Nov 95

[FBIS Translated Text] Guatemala City, 13 Nov (NOTIMEX) — The Guatemalan Supreme Electoral Tribunal (TSE) today is investigating the violent incidents that took place in the countryside after the polls of the 12 November general elections were closed.

After announcing that the proper investigations will be conducted, TSE Magistrate Gabriel Medrano affirmed that "the fact that violent actions have taken place worries us, because they mar the honest elections we held yesterday."

Medrano explained that one of the most serious events reported today was the burning of ballots by members of the Countryside Committee [Comite del Campo] in the municipality of San Agustin Acasaguastlan, located in the eastern Progreso Department.

According to the first reports, followers of the Countryside Committee, which nominated a mayoral candidate in the community, disagreed with the preliminary results of elections. This is why they decided to take over the regional TSE office.

They stole the ballot sacks and burned them. They also threatened the TSE prosecutors who were in charge of receiving the ballots.

A mayoral candidate for the National Vanguard Party (PAN) was reelected in this region, prompting the ire of the losers.

Meanwhile, another incident took place in the community of Morazan, located in Progreso Department too, where the PAN candidate was harassed and shot at on several occasions; however, he was not wounded. In this place, PAN opponents destroyed TSE furniture and threatened the TSE officials.

The TSE magistrate pointed out that TSE experts will conduct a study in the region to verify if all ballots were lost, which will lead to new elections in the towns where the incidents took place.

To these incidents, we add another incident that occurred earlier this morning in the hamlet of Milpas Altas, in the southern Santa Rosa Department, where the residents took over the municipality and burned down the TSE installations, because they disagreed with the election results.

Several political parties have also reported that opposition people threatened their mayoral and deputy candidates with death in other municipalities of the countryside.

Medrano assessed that the 12 November elections were held amid relative calm despite these incidents, which he described as being "isolated."

Arzu, Portillo Confirm 7 Jan Runoff

PA1411035895 Paris AFP in Spanish 2131 GMT 13 Nov 95

[FBIS Translated Text] Guatemala City, 13 Nov (AFP) — The Guatemalan presidential elections will have to go into runoff elections on 7 January, in view of the fact that none of the favorites managed to obtain the half of the electoral vote cast plus one in Sunday's elections, the candidates have announced.

Conservative candidates Alvaro Arzu and Alfonso Portillo recognized Monday afternoon that neither of them

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had managed to garner half of the vote cast plus one in Sunday's elections.

In view of this, Arzu, of the National Vanguard Party (PAN) and Portillo of the Guatemalan Republican Front (FRG), which is led by controversial retired General Efrain Rios Montt, will be in the race for the presidency in January.

In its most recent tally, the Supreme Electoral Tribunal (TSE) counted 106 of 300 municipalities in which Arzu garnered 46.32 percent of the votes, while Portillo obtained 20.55 percent.

Also elected in Guatemala's general elections were 80 deputies of Congress, 20 representatives of the Central American Parliament, and delegates to 300 municipalities.

These were the third free elections held in this city of over 10 million inhabitants, after the military agreed to return power to civilians in 1995. [sentence as received]

Tribunal on Preliminary Results

PA1611042295 Guatemala City SIGLO VEINTIUNO in Spanish 15 Nov 95 p 2

[FBIS Translated Text] The Supreme Electoral Tribunal [TSE] reported the presidential election results — excluding only three municipalities — last night. It announced that the National Vanguard Party [PAN] had obtained a total of 563,599 votes or 36.5 percent and Guatemalan Republican Front [FRG] obtained 340,844 votes or 22.1 percent.

At a news conference, the TSE magistrates said this information is still preliminary. It requires due verification, and this will be done in the next few hours. Only after this has been completed will the TSE officially report if there will or will not be a second electoral round.

However, according to the latest known results based on a total of 1.7 million votes cast, PAN candidate Alvaro Arzu's percentage decreased. He started with 60 percent of the votes but the latest information gave him 36.5 percent. FRG candidate Alfonso Portillo's votes increased from 16.5 percent to 22.1 percent. The PAN and FRG are followed by the National Alliance, with a total of 199,552 votes, and the New Guatemala Democratic Front with 119,037.

Before revealing the results, the TSE offered its first news conference. At this event, participants reported alleged electoral irregularities in several communities and even told the magistrates that there were charges that a *material and electronic fraud* could have been committed.

At the presentation of the mentioned report, TSE President Mario Roberto Guerra Roldan said *if there has been delay in the counting of the votes and reporting the results it is because of the novelty of having five ballots in the elections, as well as because of the power shutdown that obstructed the process and hindered the work carried out by the institution.*

He said the charges of fraud have been made by irresponsible people *because the personnel in charge of counting the votes have nothing to do with the Presidential Command Staff, as has been asserted, nor do they have a political or sectorial affiliation.*

We magistrates do not have to soil our hands now, after 15 years of working political law, and we will not further any type of victory or defeat, Guerra Roldan argued.

Attitudes of this type are the result of the political underdevelopment of those who cannot accept a defeat. The law stipulates the appropriate channels to be used if there is evidence on the reported irregularities, and they should use them because to err is human, he added.

On ending, Guerra Roldan asserted that, although the media has the freedom to make its own conjectures and speculations, the TSE will not announce if there will or will not be a second round until the vote counting process ends.

President Holds News Conference

PA1611000795 Guatemala City Teleonce Television in Spanish 0100 GMT 15 Nov 95

[News conference by President Ramiro De Leon Carpio with unidentified reporters; place and date not given; from the "Telepress" newscast — recorded]

[FBIS Translated Text] [Announcer] President Ramiro De Leon Carpio has affirmed that the difficulties experienced in reporting the electoral results and the problems faced in various communities in the country, where certain groups are staging violent protests, do not mean that the 12 November elections could be described as anomalous.

[De Leon, in progress] ...has been confirmed, as I have said, by international observers, international news agencies, and the national media. Of course, it is a process, the results of which are being made public amid certain difficulties. There are difficulties in certain municipalities. Unfortunately, Guatemala, I have always said, still lacks an authentic democratic exercise; it still does not have a democratic culture. For instance, there are places where a mayor has won, and the rest of the political parties have made accusations, to say the least.

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Certain towns have become a problem. This is part of democracy. All culturally and democratically developed countries have had to go through this experience. This is part of [word indistinct]; however, we are overcoming it.

I repeat, the world has congratulated us, and we must feel happy and pleased. People participated, though not in the numbers many of us were expecting. We have to take into account many aspects: the transportation issue and the geographical conditions. It is difficult to walk for many hours to cast one's vote. This is something that must be regarded as an experience to ensure that the electoral law will be reformed to place polling tables at the disposal of hamlets, farms, and small towns.

Above all, this law must be implemented where there is a great deal of people, and the development of the electoral process must be improved by the day. This time, we had more candidates than ever before, more parties than ever before, more ballots. These are not excuses, I would say, but a number of reasons and arguments.

Finally, the results that are being made public are the legal results. Therefore, a technical explanation of everything, including the regrettable suspension of electricity, as I said, will be made public this afternoon by those who are responsible, mainly the INDE [National Institute of Electrification] and the electrical consultant, through his coordinator.

[Reporter] [words indistinct] the presidential staff to take advantage of this blackout to favor the PAN [National Vanguard Party]. What is your response?

[De Leon] I do not have any comment. It does not deserve comment. The Presidential Staff is in charge of such specific tasks as guarding and protecting the life of the president of the Republic and his family. Precisely a few days ago, I created the Strategic Affairs Secretariat [Secretaria de Asuntos Estrategicos]. The Crisis Committee was created precisely to prevent it [not further identified] from performing the duties it had previously performed. More than a year ago, these duties known as [words indistinct] stopped being valid. Sincerely, it does not deserve any comment.

I believe that if there is something a candidate or a political leader must have, it is precisely determination and strength, so that he will accept losing and not want to resort to demerits that really leave too much to be desired. People get disillusioned. I experienced an electoral defeat in the past. You all remember I was a vice presidential candidate in 1985, when I was Jorge Carpio Nicolle's running mate. In the first round of elections, Mr. Cerezo defeated us; he defeated us, and we never claimed there was electoral fraud. In the runoff election, he again defeated us or, as they say, he really defeated us. What was our attitude, what was the attitude of Jorge Carpio Nicolle and me? We congratulated Mr. Cerezo for his victory. This is happening everywhere.

[Words indistinct] on 12 November, the first thing the winning Lima mayor did was to meet with the losing mayor, who was the official candidate. This shows political maturity. However, in an effort to mar a process, there are certain parties that failed to garner 1 percent and are currently arguing. I see this behavior as normal, from a politically immature standpoint [words indistinct] the lack of democratic culture. There are countries such as the United States that are approximately 200 years ahead of us in democratic processes. For 200 years in the United States, every four years people have changed their authorities through the vote. Here we barely have 190 years, I mean 10 years.

They are only ahead of us by 190 years. I am referring to the United States; there are other countries in Europe that are much more ahead of us in the number of years. I therefore blame it on this lack of maturity. I believe that the people demand seriousness, responsibility, and if the elections were not won it means that this must be simply accepted as such.

Everything seems to indicate from the information released today on 180 or so, nearly 200 municipalities, which represent more than two-thirds of the muncipalities, a more or less stable trend from the final results. Everything indicates that there will be runoff elections between the PAN [National Vanguard Party] and the FRG [Guatemalan Republican Front].

I take this opportunity to congratulate both parties for this victory and both candidates, Mr. Alvaro Arzu and Mr. Alfonso Portillo Cabrera. I also congratulate all the other candidates. The 17 remaining candidates — logically only one will be elected, in this case two to be defined in January — I congratulate the remaining 17 for their effort. Many of them made a great effort, and it is praiseworthy that they took part assisted by their party organizations.

It has been a good experience, and I congratulate all of them, especially the inhabitants, despite all the difficulties, problems, and obstacles. I know of hamlets where the people had to walk as much as seven hours to go vote — seven hours going and seven hours back. They practically spent all day to go vote. This is enthusiasm and is a very big responsibility.

In other words, despite the problems and the frustrations, it is a great step toward the strengthening of our democracy. Everything seems to indicate that there are

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going to be runoff elections in January. Today, in fact, I began to send out, at their request, the new invitations to the OAS, the United Nations, international nongovernmental institutions, friendly countries, so that once more we can have the pleasure, the honor, and the satisfaction of having them with us for this runoff election that will once more guarantee not only the electoral process, but help transfer Guatemala's image and destiny just seven days prior — I am speaking of 7 January — to the swearing-in of a new government following the will of the people.

[Reporter] [words indistinct]

[De Leon] I have just held a meeting with all the international observers who expressed their satisfaction, and they showed me the news bulletins. The U.S. State Department representative has congratulated us, which I have already replied to in the name of the people and Guatemalan Government. The same holds true for European observer representatives, as well as those from the OAS and the United Nations. They have told me that logically these are circumstances that need to be clarified, and this is what we are doing.

International wire services and presidents from other countries who have contacted me by telephone have expressed their satisfaction and their congratulations to the Guatemalan Government and people for this electoral event, which is one more step toward our democracy. This is just one cog in the wheel of the democratic process. Thus, doubts, claims, and individual problems have a system and mechanisms to settle them with.

President Praises Candidates

PA1511042895 Mexico City NOTIMEX in Spanish 0315 GMT 15 Nov 95

[FBIS Translated Text] Guatemala City, 14 Nov (NOTIMEX) — Guatemalan President Ramiro de Leon Carpio congratulated today the two presidential candidates who went on to the second electoral round. He also refuted claims of electoral fraud presented by other parties that do not want to admit their defeat in the elections.

The Guatemalan president said the two candidates who go on to the second round have revealed that they have the ability to manage the fate of the country and called on them to further electoral campaigns that are "first rate and without aggression."

Candidates Alvaro Arzu for the National Vanguard Party (PAN) and Alfonso Portillo for the Guatemalan Republican Front (FRG) will go to the second electoral round to determine who is to be the president of that country. The second round will be held on 7 January 1996. Arzu obtained 41 percent of the votes, and Portillo obtained 21 percent in last Sunday's elections. Thus, none of the two obtained the absolute majority (51 percent) stipulated by the electoral and political parties law.

De Leon Carpio asserted that several international governments and organizations had congratulated him on the desirable development of the elections last Sunday. The president, however, refuted charges made by leaders of minority political parties who have charged that there was trickery in the elections. He said they "lacked maturity" to admit defeat.

A group of approximately 10 political parties are studying the possibility of challenging the electoral process. They claim fraud occurred when the votes were being counted early on Monday morning, and there was a power outage.

The president denied this charge as well as reports that members of the Presidential Command Staff had participated in this event. Both reports are included in an anonymous document that was sent to all the local and international media sources. "The power outage was unfortunate and, of course, the reasons for this occurrence must be clarified," the president added.

He recalled the 1985 elections, when he ran for president and former Christian Democrat President Vinicio Cerezo (1986-1991) won the first and second electoral round. "What we did when Cerezo won was go to congratulate him," De Leon Carpio asserted and added that the minority parties should do the same with the canadidates who won this time.

He also congratulated the population for attending the Sunday elections; 46 percent of the 3.7 million Guatemalans eligible to vote voted.

The Supreme Electoral Tribunal (TSE) has still not issued official, final results on the general elections held in this Central American country last Sunday.

Tribunal Confirms Arzu-Portillo 2d Round

PA1511051095 Panama City ACAN in Spanish 0444 GMT 15 Nov 95

[FBIS Translated Excerpt] Guatemala City, 14 Nov (ACAN-EFE) — The Supreme Electoral Tribunal (TSE) of Guatemala concluded counting the votes cast by the 1.72 million Guatemalans today. The result confirms that the conservatives, Alvaro Arzu and Alfonso Portillo, will vie for the presidency of that Central American country.

TSE President Mario Guerra Roldan said at a news conference that the vote counting process had ended in

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327 municipalities and that only three municipalities, which amount to 0.52 percent of the 3.7 million registered voters, still have to be counted.

Former Foreign Minister Arzu, candidate of the National Vanguard Party (PAN), obtained 563,599 votes, which represent 36.55 percent of the total amount of votes cast.

For his part, Portillo, the candidate of the Guatemalan Republican Front (FRG), is in second place and obtained 340,844 votes; 22.11 percent of the total. [passage omitted]

Panama

Exploratory Talks With U.S. 'Might Be Doomed To Failure'

PA1511181895 Panama City EL SIGLO in Spanish 15 Nov 95 p 10

[Report by Euclides M. Corro R.]

[FBIS Translated Text] The so-called "exploratory talks" that the United States and Panama have agreed to hold beginning on 30 November might be doomed to failure beforehand. The talks will determine whether it is advisable for the interests of both countries to have some type of U.S. military presence in Panamanian soil after the year 1999.

Not A Cent More

A source linked to the commission appointed by the Panamanian president to "explore" this possibility told EL SIGLO that the United States does not have any plans to pay any kind of annuity for the use of military bases, something that the Perez Balladares administration sought to establish as an essential condition in this case.

Confrontations

The topic has already caused serious confrontations among political sectors, something that threatens to divide the people, a luxury the current government, the source said, cannot permit itself, particularly because it has maintained for years that the struggle for total sovereignty is "a religion that unites all the Panamanian people."

False Expectations

Meanwhile, the arrival of William Hughes as new ambassador to Panama led to the presumption that there would be a positive alternative or other types of compensation which would make Panama receive such great indirect economic benefits that the military presence would become acceptable to a great majority of Panamanians.

For our source "the recently arrived diplomat has been very sparing in his statements in this regard," so, he added, it is almost certain the talks might be doomed to failure.

Foreign Ministry Gets Ready

Despite the pessimism on the part of our source, EL SIGLO has confirmed that special rooms have been prepared in the Foreign Ministry for the talks that should begin very early on Thursday, 30 November.

Deputy Foreign Minister Omar Jaen will head the Panamanian delegation while the U.S. delegation will be led by Michael Skol.

Observers Make Predictions

Those who are following this important event indicate that once the U.S. position is confirmed, President Ernesto Perez Balladares will call a national radio and television network, he will say that the U.S. position is not advisable for Panamanian interests, that we will continue to be friends of the United States, and that the studies and plans for the best use of the reverted areas will be intensified.

MORENA Rejects Exploratory Talks on Military Bases

PA1511031895 Panama City LA ESTRELLA DE PANAMA in Spanish 14 Nov 95 p A2

[Report by Esperanza Navarro Francois]

[FBIS Translated Text] The National Civilist Renewal Movement (MORENA) yesterday rejected the talks to explore the possibilities of maintaining U.S. military bases in Panamanian bases after the year 2000.

In a communique, the political party pointed out that the Torrijos-Carter Treaties have to be fully complied with and that all the areas must be reverted and used to further the country's industrial and commercial development to the benefit of all Panamanians.

The party communique indicated that if the U.S. Government wants to maintain several military bases after the year 2000, the agreement has to be presented in a plebiscite so the Panamanians can decide on it.

MORENA requested government authorities to increase surveillance and act strongly against crime.

On another issue, the communique also stated that this organization objects to the wage increase given to government ministers. Such an action is untimely because the country is going through an economic slump currently and the poverty rate is very high.

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PTJ Director Resigns Effective 15 Dec

PA1511194995 Panama City Telemetro Television Network in Spanish 1730 GMT 15 Nov 95

[Report by Julia Elena Alvear; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Gabriel Castro will reportedly remain in the post of PTJ [Judicial Technical Police] director until 15 December. He has made his resignation of this position official.

PTJ Director Gabril Castro confirmed his resignation to "Telemetro Reports" newscast.

[Begin recording] [Julia Elena Alvear, broadcast in progress] ....your resignation effective on 15 December?

[Castro] I am now on my way to the Presidency to tender my resignation to the president.

[Alvear] What prompted your resignation?

[Castro] I am going to return to my practice. I am resigning because of strictly personal reasons.

[Alvear] And what about your other position in the Presidential Commission Against Money Laundering?

[Castro] As long as the president wants me there, I will be there. [end recording]

Opposition Demonstrators Protest Ministers' Salary Increase

PA1511195195 Panama City Circuito RPC Television in Spanish 2300 GMT 14 Nov 95

[Report by Luis Polo Roa at 50th Street in Panama City; from the "RPC Television News" newscast — live relay]

[FBIS Translated Excerpt] [Polo Roa] The demonstrators opposing Ernesto Perez Balladares government have arrived back at 50th street after they marched through 50th Street, Via Espana, and then one of the streets leading back to 50th Street. At this time they are burning the GACETA OFICIAL as a symbolic demonstration of their opposition to the increase in the salaries of the government ministers. They are in the middle of 50th Street burning the gazette. We have here with us Guillermo Ford, former vice president and leader of the Molirena [Nationalist Liberal Republican Movement]. Mr. Ford, as we know, today's demonstration is against the increase in the ministers' salaries. Do you believe it has received the support you expected?

[Ford] First of all, I want to clarify to the public that we had planned to stage an act of protest on 50th Street but the executive branch, without any justification, arbitrarily ordered the closing of all streets leading to 50th Street so we had to go out to demonstrate. The action is against the salary increases. I think the people deserve to be respected. The Catholic Church deserves to be respected. We are protesting to see if the president, in a noble act, sets aside the position that the people are rejecting.

[Polo Roa] Are more demonstrations similar to the one this afternoon planned here in the capital and the interior of the country in the next few days?

[Ford] We do not want to create unrest among citizens. It is up to the president and his government team to offer peace, calm and above all, respect, to the country. We are going to protest to the extent that protests are needed but we do not want to disrupt public order because that is not going to solve problems. But all of this has been caused by the way things have been handled. More than the increases, which hurt the Panamanian people's dignity, it has been the way all this has been handled. The people have not been given satisfactory explanations. I think the increases have really been a slap in the face of all Panamanians.

[Polo Roa] We also have here Guillermo Quijano, who was a minister during the Guillermo Endara government. How do you view this increase in the ministers' salaries?

[Quijano] It is inconceivable that the ministers have gotten a 100 percent salary increase at this time. When I was minister it was because the president had called me and I wanted to serve the fatherland. I think all Panamanians are duty-bound to serve the country and not take advantage of the salaries the country might pay them. [passage omitted]

We have here other leaders of political parties such as the Arnulfist Party, the Christian Democratic Party [PDC], and the Authentic Liberal Party. The opposition legislators have apparently all come to 50th Street. We have here Ruben Arosemena, PDC legislator and one of the candidates to the PDC presidency. Mr. Arosemena, how do you think the demonstration has gone? How about the action of the police and government and the participation of the members of the various opposition parties here in 50th Street?

[Arosemena] Well, the objective of this protest action has been achieved. We have had contact with citizens. We have been able to circulate peacefully. We feel proud because we have worked for a democracy in which such actions are permitted and in which we are permitted to protest peacefully. This is the climate in the country. We are going to continue these acts of protest until the government annuls the decision to increase the ministers' salaries. This has been one of the most unpopular measures in many years, such an inopportune

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measure had not been seen in many years. At a time when there is such a high unemployment rate, the government decides to grant the ministers a 100 percent salary increase while granting only a $.04 increase in the minimum wage. This threatens social stability and peace in the country. The government needs to pay greater attention to the correct distribution of wealth in the country, as the Catholic Church proposed. [passage omitted]

President Censures Government Bureaucracy, Inefficiency

PA1511035395 Panama City Telemetro Television Network in Spanish 1730 GMT 13 Nov 95

[Report by Luis Carlos Concepcion; from the "Telemetro Reports" newscast]

[FBIS Translated Text] During his recent visit to Chiriqui Province, President Ernesto Perez Balladares expressed his dissatisfaction with the work done by several government employees and especially with the bureaucracy that exists in the Comptroller General's Office.

[Begin Perez Balladares recording] Without misinterpreting my words, I also want to tell you that I am aggravated and frustrated with the inability to [words indistinct] public affairs and with the bureaucrats of the Comptroller General's Office who bog down our work. [applause and cheers] It is not possible that we have to wait for months and months... [man shouts: Dismiss them!] for a bureaucrat to place a stamp or sign his initials on a piece of paper because it is the answer to [words indistinct] have been waiting for many years. We are going to put an end to this bureaucracy right now. [applause]

The Comptroller General's Office has the responsibility of ensuring that state revenues, which belong to all Panamanians, are handled with honesty and according to existent laws. However, this office does not have decisionmaking power, nor may it have a secret program or agenda to delay the actions of my government. Comptroller General Aristides Romero's good faith and intentions are manacled and crossed by the actions of those people who, I am sure... [man shouts: Chinchoreros!] respond to other concepts and to views from another era that has already ended. [applause] [end recording]

The president made those statements at the election for the new Democratic Revolutionary Party coordinator in the region. Felix Gonzalez contended with Chiriqui Governor Ricardo Saval in those elections and the former won.

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Argentina

Hezbollah 'Terrorist' Reportedly in Country

PY1611005495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2024 GMT 15 Nov 95

[FBIS Translated Text] Buenos Aires, 15 Nov (NA) — It has been learned from official sources that an alleged leader of the Islamic fundamentalist organization Hezbollah (Party of God) is currently in the country and that this has been reported to all police stations throughout the country.

The same sources indicated that the leader is Ali Hussein Hamsa or Imand Fakia, but it has not yet been confirmed how this alleged Islamic terrorist arrived in the country.

According to leaks, the Interior Ministry has knowledge of this fact and it has presumably informed the police stations of the name of this person, but up to the present time the courts have not been informed.

Moreover, police sources that have been consulted have admitted the existence of an "alert" regarding the presence of Hussein Hamsa and that "for the time being" Interpol does not have an arrest warrant out for him.

According to the leaks, Hussein Hamsa could be linked to a possible third attack, while other sources have maintained that this person could be linked to the attack against the AMIA [Argentine-Israeli Mutual Association].

President: Economy To Recover Growth in 1996

PY1611002795 Buenos Aires TELAM in Spanish 1739 GMT 15 Nov 95

[FBIS Translated Text] Buenos Aires, 15 Nov (TELAM) — President Carlos Menem today stressed that Argentina has not become stagnated, asserted that the country will recover the growth that it had between 1989 and 1994, and stated that the country will overcome a crisis that is appearing at the world level.

"Argentina has not become stagnated. It is overcoming a crisis that is not ours because it can be observed at the world level, and it is estimated that 1996 has enormous possibilities for a growth such as the one we had between 1989 and 1994," Menem said.

The chief of state made these remarks during the opening ceremony of the Presidential Video-Conference Room, located on the first floor of Government House, which was financed through a turnkey contract by the Telecom Enterprise.

Menem said that "we know very well what is happening in the United States: It is the outcome of the crisis that most of the world is suffering and it is even being felt in the most powerful countries in the world."

"Argentina can overcome the most difficult times" of the crisis that has been caused by the so-called "tequila effect," the president said.

"We are currently in the second stage of the reform of the state that is necessary to look toward the future, and we are going to conclude it as quickly as possible in order to place our country in a position to become one of the great nations of the world," Menem said.

The president highlighted the fact that "the poverty index has decreased considerably, and this is something that is not said every day."

"From 1989 to today the poverty index has dropped 24 points, from 38 percent to 14 percent," Menem said.

He reiterated that "when we receive the new unemployment index we will be able to see that it has gone down slightly, but it has gone down."

Menem stated that "everything we have done has been absolutely appropriate for Argentina. Of course, we make mistakes, we are human beings, and everything man does is not perfect but perfectible. We are walking the path of perfection."

Menem recalled that in 1989 "we began a process of profound transformation: We reformed the state; we implemented a social market economy; we began balancing the fiscal accounts; and we began building Argentina's image throughout the world."

"We began this task with the privatization of the enterprises that operated within the sphere of the state because they were not obtaining the objectives for which they were created. They were totally deficient from the viewpoint of resources and finances," he stressed.

Menem said that "Entel [National Telecommunications Enterprise] was one of the first to be privatized and everyone knows the results," and he maintained that the companies that bought the telephone service "are totally positive as to resources, financing, and service."

Referring to the new teleconference service that was dedicated at Government House, the president said that "it will allow us to be face to face with our interlocutors."

"We are going to be able to talk with those who can contribute something to our country and vice versa anywhere in the world where a service such as this is installed."

It has been officially reported that the service was installed in the presidential radio and television complex

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through a turnkey contract by Telecon Argentina, and the contract includes the paying of communications within Argentine territory.

Telecom Argentina President Juan Masjoan, Presidency Secretary General Alberto Kohan, and Media Secretary Raul Delgado, among other officials, participated in the ceremony.

Menem finalized his activities at Government House with this ceremony. He started work at 0900 with a meeting with Salta Governor Roberto Ulloa, which was followed by a meeting with a delegation of the Grandmothers of Plaza de Mayo.

In another ceremony, Menem received the credentials presented by Ali Mubarak Al-Mansuri, the new ambassador from the United Arab Emirates, and those of Paul Duque, the new Belgian ambassador, who are now officially accredited before the Argentine Government.

Difficulties in Balancing Budget, Economic Woes Viewed

PY1511015895 Buenos Aires CLARIN in Spanish 9 Nov 95 p 16

[Editorial: "Budget, Economy, and Uncertainty"]

[FBIS Translated Text] The difficulty in balancing this year's and next year's budgets is but a condensed expression of the infamous combination of real problems and uncertainty bedeviling the economy at present.

Fiscal accounts began to show a loss in revenues some months ago due to the slowdown in economic activity, which brought about a weakening in tax-paying capacity and an increase in tax evasion. Given this state of affairs, the option of maintaining the estimated balance between revenues and expenditures by curtailing spending runs into two types of difficulties. One of them is that a fairly large part of government spending goes into the payment of pensions, wages, and social expenses. Any cutback in government spending has, therefore, an immediate political impact. The other is that cutbacks in spending may affect part of massive demand and would make it necessary to reduce output and export incentives, which would in turn bring about a decline in tax collection.

Owing to these constraints, the economic authorities have opted for increasing the tax burden and ordering a tax deferral the requirements of which are, day after day, becoming increasingly flexible in order to boost tax receipts, but to no avail. The other alternative open to the Menem administration — namely greater indebtedness — is little appealing because a placement of government bonds on the domestic market would push up interest rates to even higher levels than the present and a placement on the international market would require paying extremely high interest rates.

The status quo, which was caused by economic reasons, tends to become more troublesome due to the uncertainty — which periodically resurfaces — about the permanence of [Economy Minister] Domingo Cavallo. This uncertainty prompts people to postpone investment and consumption decisions, which in turn acts as a brake to an economic upturn and, consequently, has an adverse effect on tax revenues. This uncertainty also triggers an increase in Argentina's risk rating and, consequently, greater financing costs in case of a fiscal deficit.

Under existing conditions, it is necessary to adopt economic measures that, first and foremost, considerably improve the application of government funds to head off cutbacks that may affect Argentine society or the government's ability to pursue an active economic policy. It is also essential to embark upon a political line of action that dispels uncertainty and buttresses confidence by consumers, investors, and financiers. Otherwise, budget accounts will have to be balanced at undesirable high costs.

Rio Negro Governor, Vice Governor Appointed Senators

PY1511165195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2040 GMT 14 Nov 95

[FBIS Translated Text] Viedma, 14 Nov (NA) — The Rio Negro Legislature has approved, without much debate, the appointment of [outgoing] Governor Horacio Massaccesi from the Radical Civic Union as national senator during the afternoon session, at which only the ruling party legislators were present.

The legislature also approved the appointment of Vice Governor Edgardo Gagliardi as third senator for Rio Negro Province. A group of public servants demonstrated one block from the legislature against these appointments.

Correction to Dispute Between Menem, Cavallo

PY0811193895

The following correction pertains to the item headlined "Dispute Between Menem, Callo Seen Affecting Economy," published in the 8 November Latin America DAILY REPORT, pages 43-44:

Page 43, column one, eighth paragraph, only sentence make read: ...invigorate it require the people who implement them to be very powerful, which in this... (rewording);

Ninth paragraph, only sentence make read: ...the tension of their dispute in order to reestablish credibility and to

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shore up the bases for a new ... (changing "the" to "their" and "establish" to "shore up");

Column two, first full paragraph, only sentence make read: ...from the circles that control capital indicated that... (rewording); and

Page 44, column one, fifth paragraph, only sentence make read: ...as of 1996. [new graf]

As getting the machinery of the factories to move much faster is tied to the internal readjustment, the inflow of foreign capital will play a key role. [new graf]

But very little... (rewording)

Bolivia

Officials on Economy, Investment

96P20090

[FBIS Media Note]

Finance Minister on Economy

Finance Minister Fernando Candia has described the Bolivian economy as "healthy." Candia told La Paz daily HOY of 16 October that this year's economic growth rate of 3.8 percent already has taken into account the effects of the drought in the east, and that "there is no other indicator which shows that the economy may experience negative growth rates." Candia stated: The private sector's "dynamic development," macroeconomic equilibrium in fiscal and monetary accounts, and the implementation of "very important" structural reforms are achievements which encourage the flow of foreign investment into the country. Banks have no restrictions on issuing credit to various sectors, "considering that the banking system's credit portfolio totals $3 billion and is growing at a rate of $20-$30 million a month," the minister said, citing data from the Superintendency of Banks.

Energy Secretary on Hydrocarbons Sector Investment

Bolivian Government Oil Deposits (YPFB) and private oil company investment in the hydrocarbons sector will reach $219 million in 1995. This represents the largest investment figure in 71 years, Bolivian Energy Secretary Mauricio Gonzalez announced, according to La Paz daily HOY of 10 October. Some $87 million will be invested in the operations area alone, Gonzalez said, adding that private consortiums will invest $132 million in well exploration and development. Direct investment by foreign contracting companies in 1995 will reach the highest level since their arrival in the country, "an incentive for future investment," Gonzalez noted. The major foreign investors for 1995 are: Diamond, with $23.5 million invested in the Chaco and Nupucuco Blocs; Total, with $18.3 million invested in well drilling in the Madidi Bloc, north of La Paz; Maxus, with $17.3 million invested in the Mamore I Bloc and Campo Surubi in Cochabamba; and Repsol, with $10 million in the Isiboro Secure Bloc.

Correction to Congress Approves Bank Reform Bill

PY0811162495

The following correction pertains to the item headlined "Congress Approves Central Bank Reform Bill," published in the 7 November Latin America DAILY REPORT, page 12:

Column one, fifth paragraph, last sentence, make read: ...amendments, which were drafted in response to problems that... (rewording);

Penultimate paragraph, last sentence, make read: ...the established ceiling. [new graf]

Conflict-of-Interest Loans [subhead] [new graf]

Article 23 completely... (changing "interlocking credits" to "conflict-of-interest loans" here and throughout item); and

Column two, second paragraph, last sentence make read: ...considering it unconstitutional [new graf]

Assets Ratio [subhead] [new graf]

Article 33 of... (deleting "Patrimonial")

Column two, third paragraph, first sentence, make read: ...Law increases banks' assets ratio (relation between net assets and risk assets)... (rewording)

Brazil

President Discusses Foreign Policy Goals

PY1511171895 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Nov 95 pp A1, A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso yesterday gave two important pieces of news regarding foreign policy. During an exclusive interview with this newspaper, he guaranteed that there is no risk of Brazil's suffering trade sanctions from the United States on account of the slowness in approving an industrial property law. He also said that on 20 December he will sign, in Madrid, a framework agreement of economic and trade cooperation between Mercosur [Common Market of the South] and the European Union [EU].

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The formal signing of the Mercosur-EU agreement, in the presence of 15 European presidents and the Mercosur partners, will take place on 15 December, but Cardoso will be in the PRC on that date. That is why he agreed to stop in Madrid to sign the document upon returning from his tour of the PRC, Macao, and Malaysia, which begins on 13 December.

President Cardoso is satisfied with the results of his administration's foreign policy, especially with Brazil's two main economic and trade partners — the United States and Argentina — and Portugal. In New York, where he recently met with U.S. President Bill Clinton and Secretary of State Warren Christopher, the thorny issue of the patents bill "was not even mentioned," Cardoso said with happiness.

As for his Argentine colleague Carlos Menem, Cardoso managed to iron out difficulties generated by the dispute over a seat on the UN Security Council. "It is more important to have a good relationship with Argentina than to have a dispute over a seat in the UN Security Council," President Cardoso told Argentine President Menem, who was "happy" at his statement.

According to Cardoso, Argentina has had a constructive attitude. "It is an important and prosperous country and it can aspire to participating in the UN Security Council, but Argentina will never do so at the expense of Brazil." If Brazil were invited to become a permanent member of the UN Security Council, "the decision would be made in cooperation with Argentina," Cardoso said.

On the other side of the Atlantic Ocean, in Europe, the triumph of Antonio Guterres, prime minister of Portugal, has brought fresh vigor to the relations between the two countries. President Cardoso noted a new "drive" in Guterres' foreign policy, in comparison with that of his predecessor, Cavaco Silva. "It is a clear rapprochement with Brazil," and the problem of Brazilian dentists who have difficulties engaging in their profession in Portugal "will become easier to resolve" he said.

The motions of goodwill toward Portugal are translated into political gestures, like Cardoso's visit to Macao — after visiting the PRC and before going to Malaysia — at the request of Portuguese President Mario Soares.

Asia will be very dynamic in the 21st century, and Brazil will need its markets. With Cardoso's visits to the PRC and Malaysia this year, India in January, and Japan and South Korea in March, the Brazilian Government is "expanding horizons and fields of action."

Cardoso will depart on 11 December [as published] for Beijing. Brazil maintains a strategic partnership with the PRC: It is building remote sensoring satellites in partnership with the PRC. Brazil is likewise interested in the Chinese services market. Large Brazilian construction companies are attempting to win contracts to build what will be the largest hydroelectric dam in the world, that of the Three Gorges.

The PRC has a limited agricultural base and a growing population that is migrating to the cities. Brazil could become an important food supplier for China. Malaysia, which has a GDP smaller than that of Brazil, exports much more than Brazil. During his visit to Buenos Aires this week, Cardoso met with the prime ministers of Malaysia and Singapore, countries which Cardoso places among his priorities in Southeast Asia, together with Indonesia. "Singapore is an enormous trading post. People there have good knowledge of the area, and Brazil will need more markets in the future. That is the main reason for my visit: to increase trade."

As for relations with neighbors, Cardoso announced: "Our decision to integrate our energy system inevitably affects economic relations in South America." According to Cardoso, Brazil changed its concept; it stopped being a closed, separate country, and will buy energy from its neighbors: oil, gas, coal, and electricity.

Foreign Minister: Nation Not To Break Ties With Nigeria

PY1511132695 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 15 Nov 95

[Report by Claudia Moreira]

[FBIS Translated Text] The government has recalled the Brazilian ambassador to Nigeria but will not break diplomatic relations with that country.

Foreign Minister Luiz Felipe Lampreia said that Brazil will not reach the extreme of breaking relations with Nigeria, which has violated human rights.

[Begin Lampreia recording] No, we have not thought about this possibility at all. We have decided to recall the ambassador and this is, in itself, a very serious gesture. We have not, however, considered the possibility of breaking relations with Nigeria. [end recording]

Ambassador Geraldo Mussi's return to Brazil is the Brazilian Government's way of protesting the hanging in Nigeria of nine activists of a human rights organization.

Iron, Steel Industry Seeks Trade Protection

PY1511200695 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Nov 95 pp A1, A6

[Article by Livia Ferrari]

[FBIS Translated Text] In addition to threats of a possible rejection by the WTO, the provisional measure

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(MP) on the automotive regime is now beginning to face domestic rejection. After intense and long-lasting negotiations, the iron and steel industry has made a formal counterproposal to the government calling for modification of this MP, which establishes that the tax rate on steel and other goods used by the car-manufacturing industry be reduced to 2 percent. The measure was implemented on 13 June and reissued on 26 October.

The iron and steel industry's counterproposal, which was mainly posed by the Brazilian Iron and Steel Institute (IBS), vehemently condemns the Brazilian Government decision to reduce the Common External Tariff (TEC) on steel imports to that level. Currently, the import tax stands between 8 and 16 percent, with an average of 12 percent. "This current average is entirely compatible with the level of tariffs internationally adopted by steel industries," IBS President Rinaldo Campos Soares said. He explained that, originally, the area had called for the withdrawal of steel from the MP text. This request was rejected, however, and as a result, the area decided to adopt a joint position that had some compatibility with the government's proposal.

The IBS counterproposal suggests that the government adopt a progressive tariff schedule until the year 2000. According to Campos Soares, in 1996, the TEC would stand at 60 percent, which represents an initial tariff of 6 percent (using the 12-percent average as a basis); in 1997, it would go up to 60 percent of the TEC (which is equivalent to a 7.2-percent tariff); in 1998, to 70 percent (equivalent to a 8.4-percent tariff); in 1999, to 85 percent (equal to a 10.2-percent tariff); until reaching the 100-percent level in the year 2000.

Campos Soares believes that "the government will accept the progressive model." He added that the iron and steel industry cannot accept a 2-percent fixed tariff until 1999, "because this area has been complying with a $7-billion investment program, which will continue to be implemented until the end of this century. The industry must thus have a certain degree of security to work."

If the economic team accepts the proposal of the iron and steel industry, the proposal will become part of the series of measures seeking to stimulate investment in the automotive industry. These measures will be analyzed during the next Common Market of the South meeting, which will be held in Montevideo next week.

In the meeting, the Argentine Government plans to adopt a new automotive regime in 1996. This new regime also contemplates 2-percent taxes for importing raw material and components, among them steel. The Argentine Government's plans, which are inspired by the Brazilian MP, is centralized on competition for new investments in the car-manufacturing industry.

In addition to believing that the 2-percent tax on steel imports by the automotive industry would expose the Brazilian iron and steel industry too much, the area about which entrepreneurs warned of the "political risks of the MP." [sentence as published] In their opinion, the MP would grant excessive power to the car-assembling companies. Steel is the main raw material for the automotive area. It represents 55-60 percent of the weight of an average vehicle. In terms of value, steel represents 4-6 percent of the overall price of a vehicle.

According to IBS, the Brazilian domestic automotive market (car-assembling and car-parts manufacturing companies) uses 25.4 percent of all the Brazilian steel production. In other words, of the 12,080,000 tonnes of steel products processed by the Brazilian iron and steel industry last year, the automotive area used 3,088,000 tonnes.

The area entrepreneurs insist that, with an iron and steel industry that is considered competitive nowadays, Brazil practically does not import this product. Brazilian steel imports represent barely 1 percent of the national production.

Social Security System Registers R800 Million Deficit

PY1511182095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Nov 95 p A4

[Article by Jose Casado]

[FBIS Translated Text] The social security system is bankrupt again. For the first five months of 1995, the social security accounts were balanced. Now it has again began to spend more in benefits that it is receiving. Result: Since June, the social security system has accumulated an 800-million-real, R, deficit.

This deficit would be much bigger if it were not for discreet financial help from the Treasury, which is directly paying all personnel expenses of the social security system.

The Treasury is also indirectly paying an annual bill of R3 billion that the social security system should transfer to the public health system. This is an obligatory transfer established by the Constitution.

Social Security Minister Reinhold Stephanes, who is also a federal deputy for the PFL [Liberal Front Party] for Parana State, finds himself under crossfire from within the government, from his own party, and from Congress where he is the main negotiator of the social security reform proposal. The reform is scheduled to

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begin the vote stage in the next few weeks. Stephanes is held politically responsible for deficiencies in the social security accounts because the sudden increase in benefits has outstripped its income growth.

Stephanes apparently conceded more than he could during the negotiation with Congress last May, when it was decided that the minimum wage should be raised to R100. The minimum wage hike benefited pensioners who receive the lowest benefit from the social security system. These pensioners total 11 million individuals and represent nearly 40 percent of the social security system's total expenses through benefits.

Stephanes at the time understood he could grant an 8 percent increase above the minimum wage on all benefits paid by the social security system. He speculated on a considerable growth in income. Congress accepted his proposal.

Social security payments to retired workers and pensioners jumped from R2.1 billion in May to R2.8 billion in June. They then climbed to R2.9 billion in September.

The social security income did not increase at the same pace. The social security income was R2.4 billion in May; it climbed to R2.6 billion in June; it then remained stable at that level, climbing to just R2.7 billion in September.

"We again began registering monthly deficits," the minister acknowledged. He nonetheless rejects responsibility for it. He says the origin of the problem is what he calls the "natural cycle" of the social security system.

His explanation: "Once a year we increase benefits. Initially, between May and December of each year, we register deficits. Between December and May we register surpluses. Income from contributions increases monthly, but expenses register peaks."

"If it were like he says, it would be fine," the saying goes in Congress. It was like that until last year, when Brazil coexisted with high monthly inflation rates. The radical change of the inflationary profile left the social security system in a situation very similar to that of states and municipalities— that is: quite vulnerable to expenses hikes. The 8 percent increase on the minimum wage that was granted unbalanced social security accounts.

In the past, a deficit in one semester could turn into a surplus in the next, because inflation ate up expenses like benefits and salaries. Now, with a low inflation rate, any increase on benefits represents a real increase in expenses above the inflation rate. These expenses can only be paid with a proportional increase in income from social security contributions — which has not happened since June.

Being optimistic, Stephanes foresees: "We will close the year with a slight deficit, and 1996 will register a balance or a maximum R300-million deficit, which I consider very small."

His scenario is exactly opposite to projections by the presidency of the Republic and the Financial Control Committee of the Chamber of Deputies. They expect a R800-million deficit for this year and a R1-billion deficit in 1996, which is even already included in the 1996 Treasury budget and described as financial help operations to pay for personnel expenses.

National Institute of Space Research Receives Credit

PY1511154895 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Nov 95 p C5

[Article by Virginia Silveira]

[FBIS Translated Text] Sao Jose dos Campos — The National Institute of Space Research (INPE) achieved congressional approval for a 38 million reals, R, complementary credit last week. The INPE had been waiting for this credit for more than six months. Most of it, nearly R30 million, will be used in the China-Brazil Remote Sensoring Satellite program known as CBERS [China-Brazil Earth Resources Satellite].

The program — in cooperation with the PRC — is one of the INPE's main projects. Because of financial difficulties the project has suffered. It is behind in its timetable. The satellite is scheduled to be launched in October 1996. About 15 companies that participate in the CBERS as suppliers of electronic and mechanical equipment have not received payments for nearly 10 months.

The CBERS project foresees the construction and launching of two environmental satellites to register the burning of grasslands, deforestation, and weather forecasts. Once the satellites are operational, Brazil will be able to stop using the U.S. Landsat satellites.

INPE Deputy Director Volker-Kirchhoff said the complementary credit approved by Congress is considered part of the normal INPE budget and it covers far less than its basic needs. With the fresh resources, the INPE will close the year with a R58 million budget. Personnel expenses,which are paid separately, amount to another R20 million.

The complementary credit also benefits INPE's Weather Forecast and Climate Studies Center [Centro de Previsao de Tempo e Estudos Climaticos - CPTEC] in Cachoeira Paulista. Kirchhoff said the CPTEC will receive R5 million to finish constructing its new installations,

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which were dedicated last year. The remaining funds, disbursed by the Science and Technology Ministry, will be distributed among smaller projects developed by the INPE.

ARO Loans Granted by State Banks Increased Tenfold

PY1511194495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Nov 95 p A8

[Article by Soraya de Alencar]

[FBIS Translated Text] The number of Budget Revenue Advances (ARO's), through which the federal government or private banks advance public resources to state and county governments in exchange for future revenues, increased in October, compared to September. Loans granted by federal banks to state governments increased 10 times and totalled 250.7 million reals [R] in October, while in September they totalled only R26 million. This shows state governments are having more financial difficulties, particularly as regards their payrolls.

Nevertheless, the number of loans granted by private banks — which are acting more cautiously now that they are closing their yearly balances — dropped from R249.7 million in September to R85.9 million in October.

The Central Bank released these figures on 8 November. Jairo Cruz Ferreira, head of the Public Debt Department of the Central Bank, said these federal bank operations have had the largest impact in the Federal Savings Bank, which advanced budget revenues to the states of Maranhao, Alagoas, Mato Grosso, Piaui, and Sergipe. Cruz said: "The banks granted emergency help to these state governments until the problem of their debts is solved."

Through these operations, the state governments have obtained interest rates lower than those charged in September and lower than current market rates. The Federal Savings Bank has granted loans with interests as low as 2.14 percent, while the highest rate stood at 10.3 percent per month. The Central Bank announced that the average cost of the ARO's stood at 4.21 percent. In September, this cost stood at 5.21 percent and the interest rates ranged between 3.5 and 9 percent per month.

Between January and October, the Central Bank authorized ARO operations worth R3.3 billion. Of this, R472.4 million were granted to Sao Paulo State. In 1994, Sao Paulo sought R553.6 million in ARO's. Cruz pointed out, however, that not all Central Bank authorizations have really become loans. During the same period last year, Central Bank loans totalled $1.4 billion.

Most requests (60 percent) are made by state governments. These are followed by requests from county governments (32 percent of requests) and, last, by state capitals administrations (8 percent of requests). Of the R3.3 billion authorized this year, the 60 percent sought by state governments are worth R2 billion.

With regard to the long-term debt, which is called the contractual funded debt [divida contratual fundada], loans sought from the Central Bank and the Federal Senate between January and October totalled R1.3 billion. This is R400 million less than for the same period in 1994. The Sao Paulo government requested less from the Central Bank to solve its long-term debt, just as it did in the case of the ARO's. In 1994, Sao Paulo requested loans totalling R238 million and this year requested only R13.4 million.

In Minas Gerais State, however, the situation is the opposite. In 1994, the Minas Gerais government requested R257 million in ARO's, while this year it requested R942.2 million. Its long-term debt situation was similar, in 1994 Minas Gerais requested R5 million and this year it requested R226.2 million.

Nuclear Company To Sell Gold Mine in Minas Gerais

PY1511154395 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Nov 95 p C3

[Report by Ivo Ribeiro in Sao Paulo]

[FBIS Translated Text] Nuclear Industries of Brazil (INB) wants to sell or lease a gold mine it owns in the center-eastern section of the area known as Quadrilatero Ferrifero in Minas Gerais State [MG]. This mine was discovered in the 1970's, when the Brazilian Government intensified its prospecting work for uranium in nearly 25 percent of Brazilian territory. The area became known as Gandarela, in the Rio Acima municipal district, 55 km from Belo Horizonte.

Geological surveys and research were conducted in the area from 1971 to 1979, resulting in the discovery of gold and uranium on the Palmital farm. The reserve was estimated at 65 tonnes of gold, of which 27.5 tonnes had an average content of 8.5 grams of metal per tonne of ore. The main objective of the research in Gandarela was to confirm the existence of 3,900 tonnes of uranium concentrate with an average content of 230 ppm (parts per million) but which are not economically viable because of current prices on the international market.

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The potential for gold at the Quadrilatero Ferrifero is quite promising. Several mines have been set up there by groups such as the Morro Velho, Sao Bento, and Rio Doce Valley Company [CVRD]. Adriano Maciel Tavares, an adviser at the INB mineral resources department, says new surveys of deposits — primarily focused on gold — may reveal larger volumes than what has been estimated.

Tavares said the INB invested $6 million in its survey and research effort, having drilled 132 holes totaling 36,493 meters in the subsoil. The material collected (evidence) consisted of 8,146 samples, which underwent 26,749 physical-chemical tests. The geological survey covered an area of 4,280 hectares.

Tavares said that the INB has absolutely no intention of exploiting this mine with its own technical personnel. The INB seeks to sharpen its focus on its primary goal, that of mastering the uranium cycle, from the mining and production of concentrate to producing nuclear fuel to supply the Brazilian Angra-1 and Angra-2 nuclear plants. The INB replaced the old Nuclebras [Brazilian Nuclear Corporations, Inc.] and is subordinated to the National Nuclear Energy commission (CNEN). Since 1981, the Brazilian state-owned company has operated the uranium mine and plant of Pocos de Caldas (MG), and a fuel element plant in Resende (Rio de Janeiro). INB is now setting up a new mine in Lagoa Real, Bahia, which will replace the Pocos de Caldas mine in 1998.

Communications Minister on Future Communications Law

PY1511154695 Rio de Janeiro O GLOBO in Portuguese 7 Nov 95 p 32

[FBIS Translated Text] The government will take another step toward deregulating the telecommunications sector on 21 November, when President Fernando Henrique Cardoso and Communications Minister Sergio Motta will present a proposal to the General Communications Law [Lei Geral de Comunicacoes — LGC] with details of investments in the sector. Motta, who attended the installation ceremony of the BNDES [National Bank for Economic and Social Development] president Luiz Carlos Mendonca de Barros [on 6 November], said the administration wants Congress to approve the bill during the first week of December.

Motta said: "If the bill is not approved fast, we will create the conditions for the approval of a minimum law for the cellular telephone service for the first quarter of 1996."

The main objective of the minimum law will be to facilitate the exploitation of cellular telephone (B band) services. The LGC bill will specify the administration of the privatization process in the telecommunications area. The minister said that state telephone companies — 27 in Brazil — will be grouped into five or six companies for their privatization. The bill will specify details of cable television and cellular telephone bands.

The minister will also present an organization model for the telecommunications sector — including fares and details regarding a regulating agency.

Motta will mention the need for investments: 74 billion reals, R, by 2003, of which R36.3 billion must be invested in the next four years (R11 billion have already been guaranteed for 1995 and 1996). An advertisement calling to the first tender for launching a private satellite will be published on 21 November. Minister Motta said that technological development will prevent the future creation of natural geographic monopolies.

Editorial Criticizes Special Credit Line for Bank Merger

PY1511162095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Nov 95 p A3

[Editorial: "Someone Forgot To Add Up the Bill"]

[FBIS Translated Text] Central Bank President Gustavo Loyola believes the special credit line to finance the mergers and incorporations of financial institutions will have an expansionist effect on the liquidity of the monetary system. Loyola forgets, however, that consolidating the contractual debt of the state governments can determine a supplementary effect on the monetary base. The person who remembered this detail was the president of the Federal Savings Bank (CEF). He said he was surprised to learn that the CEF would have to contribute 600 million reals [R] to the fund that will render financial emergency help to state governments without explaining the source of these funds.

In the last few weeks, monetary authorities have created parallel central banks that will have to lend money to financial institutions. In view of these difficulties certain financial institutions have to conduct inter-bank transactions, and in an attempt to reduce the rediscount operations conducted at the Central Bank — which have a high cost — these monetary authorities decided to transfer to the Bank of Brazil and the CEF the task of financing the liquidity of the financial system. This is a risky operation that demands Central Bank endorsement, at least from the moral point of view, and harms the transparency and health of our institutions. At the time of drafting the program for banks mergers and incorporations, the government went still further. It decided to designate the CEF as an agent of the program. On top of all this, the CEF will also have to provide R600 million of the R2-billion fund.

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The fund operations will yield very low profit and will be financed with resources from the Severance Pay Fund, from the account holders' deposits, and from savings pass books, which demand compensation. To avoid losses, the CEF would need remuneration that surpasses the cost of these resources. Nevertheless, fund loans are extremely high-risk and use resources that really belong to the Brazilian people.

As guarantee for an almost certain risk, the CEF will receive state-owned company shares. These shares are worth nothing. They will only be worth something when the legislative assemblies of the states where they are located decide to privatize them. As a last resort the CEF can ask the Treasury to endorse these operations — in other words: It can ask the Treasury to issue money. Considering the generous operations the Central Bank has been announcing to help the state governments and the financial institutions, one must wonder if the Central Bank has evaluated the monetary impact of its proposals. The Central Bank is currently hiding, behind the Bank of Brazil and the CEF, the volume of its financial help to the state government and banks. Soon, however, it will be time to tell the truth. Huge money issuances will be demanded and will add to the financing needs resulting from the public area deficit.... [ellipses as published]

Officials Debate Crime in Paraguayan Town

PY1511173295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Nov 95 p 4

[Article by Marcia Carmo]

[FBIS Translated Text] The lack of police and taxation control in the Paraguayan town of Ciudad del Este — formerly known as Puerto Stroessner — facilitates the activities of drug traffickers and smugglers of weapons and all kinds of merchandise. This is today the main source of concern for Brazilian and Argentine officials. Two weeks ago, civil and military ministers of the two countries held a secret meeting at Jamaica ranch — owned by former Minister Roberto Abreu Sodre — in the interior of Sao Paulo. They discussed the pressing need for security rules for Ciudad del Este, which is a crime cartel. There were suggestions of joint action by the Armed Forces of Brazil, Argentina, and Paraguay to "eliminate" this threat to security.

"It is a black hole," one participant said. "The problem affects everyone," said another official, recalling that the area is an interconnection point for Brazil, Argentina, and Paraguay. Ciudad del Este is interconnected via the Friendship bridge — which joins this Paraguayan town to Foz do Iguacu — and via the Tancredo Neves bridge, which joins Foz do Iguacu and Puerto Iguazu, in Argentina. The Brazilian and Argentine officials concluded that rivers and geographical features make it difficult to control crime. There was even concern about Ciudad del Este's jeopardizing the progress made within Mercosur [Common Market of the South]. It was suggested that it is not enough for Mercosur to comply with tariff and police regulations while those in power in Ciudad del Este continue to back crime.

The civil and military ministers met in Avare, Brazil, a few days after the Iberoamerican summit attended by 19 chiefs of state of Latin America, Spain, and Portugal in Bariloche a month ago. In response to an Argentine initiative, a document was signed against terrorism, drug trafficking, and other crimes committed thanks to the fragility of the borders. The Brazilian and Argentine officials met over the weekend in Avare, 230 km from downtown Sao Paulo. The meeting was attended by Argentine Defense Minister Oscar Camilion; Argentine Foreign Minister Guido Di Tella; Benedito Bezerra Leonel, Brazilian Armed Forces Chief of Staff; Brazilian Strategic Affairs Secretary Ronaldo Sardenberg; and Marcos Azambuja, Brazilian ambassador to Argentina. The officials also addressed bilateral topics like cooperation in the space area, and Brazil's membership with the MTCR (Missile Technology Control Regime). Argentina recently had problems in this area through the Condor program, which was linked with Iraq.

The Avare meeting was initially aimed at promoting Argentine-Brazilian relations, especially in the area of security. Yet during the walks in the coffee plantations at Jamaica ranch, the officials ended up expressing concern about the danger posed by Ciudad del Este, a crime paradise in an essentially rural country, with the absolute majority of its 4.5 million people living in the interior, where poverty is concentrated. Official data states that Paraguay, which some people refer to as "the difficult partner within Mercosur," causes — through illegal trade — losses worth $5 billion to Brazilian enterprises. Yet there are no estimates on other illegal activities that are easily done in the region. Abreu Sodre, the owner of the house in Avare, evaded questions by saying "I only provided the site for the meeting."

Correction to Compliance With WTO Restraint Questioned

PY0211181995

The following correction pertains to the item headlined "Compliance With WTO Restraint on Import Quotas Questioned," published in the 2 November Latin America DAILY REPORT, p 23:

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Column two, second full paragraph, second sentence make read: ...of the so-called "vested interests" should not, however,... (changing "inverted" to "vested")

Chile

President Begins Tour of Four Asian Countries

PY1611021095 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 16 Nov 95

[FBIS Translated Text] President Eduardo Frei tonight began an official tour of four Asia-Pacific countries. He will make technical stopovers in Cusco and Honolulu. The tour itself will begin in Japan.

Accompanied by a delegation of approximately 80 people, the president is expected to arrive in Osaka on 17 November where he will meet with APEC [Asia-Pacific Economic Cooperation] leaders. The objective is to discuss an agenda to promote the creation of a free trade zone in the South Pacific.

On 20 November the delegation will leave for Manila, capital of the Philippines, to firm up bilateral agreements. The following visit will be to Kuala Lumpur in Malaysia. Its king had recently visited Chile to tighten relations, and now the president expects to reach agreements in the agricultural and livestock areas.

Another essential stage of this tour is China. President Frei will arrive in Beijing on 23 November where he will have a heavy agenda of activities. He will meet with the Chinese president, with the Chamber of Commerce, and will also attend the signing of agreements between the two Foreign Ministries. He will also visit the Great Wall of China, the Forbidden City, and Shanghai.

President Frei left Santiago at 2045 for Asia. Before boarding the plane, he said all ministers will remain in their posts for as long as they can count on his confidence. He thus replied to rumors on the resignation of some Socialist ministers due to the impasse that took place yesterday with that party due to the constitutional amendments proposal.

[Begin Frei recording] For a long time and since the first day it has been said that this proposal would die, and now, three and a half months later and the proposal is increasingly stronger and every day supported by more people, and this allows us to look at the future with confidence. [end recording]

President Frei's trip will last 14 days. He is accompanied by the economy and agriculture ministers, in addition to the foreign minister.

New Labor Union Confederation Installed 14 Nov

PY1511222495 Santiago LA TERCERA DE LA HORA in Spanish 13 Nov 95 p 14

[Report by Patricia Schuller]

[FBIS Translated Text] The Autonomous Labor Confederation [Central Autonoma de Trabajadores], CAT, will be officially launched during a ceremony at the Diego Portales building on 14 November. This organization will seek to work on an autonomous labor union basis, and will try to meet the interests of labor unions rather than "political and party" interests. The CAT comprise 75,000 workers nationwide and will carry out tasks parallel to those performed by the United Labor Confederation, CUT.

The National Confederation of Commerce, Office, Service and Industry Workers [Confederacion Nacional de Trabajadores del Comercio, Oficinas, Servicios e Industrias, Confestracosi], is among the 120 or so organizations that will join this new labor union alternative. The recently created Confestracosi was installed on 12 November at its headquarters on Almirante Simpson Street in Santiago. This organization has nearly 2,000 members nationwide.

On 12 November, Osvaldo Herbach, president of the Workers Coordinating Council [Consejo Coordinador de Trabajadores, CCT], the organization that became the CAT; Claudio Urzua, president of the Commerce Labor Union Coordinating Board, which was later replaced by the National Commerce Confederation; and Eduardo Garcia, assistant regional secretary of the Latin American Labor Confederation, who was invited to attend the CAT inauguration; gave a news conference to outline the importance of the newly created CAT, and to criticize the CUT's "politicized" position. They said this attitude became clear during a recent rally staged by the CUT.

Urzua said the CUT has become "a spokesman of the government and the Labor Ministry, which has been unable to raise an alternative proposal or reverse the labor union crisis because of its connection with the government."

He added that this has been reflected in the victories obtained by the Communist Party within the labor unions, "which is proof of the Coalition of Parties' failure within the CUT."

He stated that the Commerce Confederation workers and the CAT voice solidarity to CUT President Manuel Bustos, adding that they do not blame him for the labor union "politicization."

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Urzua said: The National Confederation of Commerce Workers supports the CAT "as the new alternative for Chilean workers to demand that their work conditions be in keeping with development."

Herbach explained that the Workers Coordinating Council was affiliated to the CUT for a long time "but they were systematically set aside because of their support for a union that differed from that advocated by their leaders."

The CAT's inauguration ceremony will be held at 1800 local time at the Diego Portales building. The constituent congress of the new organization will be held on Padre Hurtado Street between 15 and 17 November.

Reportage on Administration's Human Rights Proposal

Agreement on Rights Proposal Viewed

PY1511202095 Santiago EL MERCURIO in Spanish 11 Nov 95 pp A1, A16

[FBIS Translated Text] Seeking to overcome the controversy between the Socialist Party [PS] and the executive branch over the agreement that the administration and National Renewal [RN] have achieved on the human rights bill, the PS has agreed to make observations on the bill.

This decision was adopted last night after intense negotiations to resolve the crisis that ensued after the PS Central Committee decided to reject the amended human rights bill.

In view of the harsh government reply to the PS plenum and to the statement by PS President Camilo Escalona, who explained that the PS rejected the idea the approving the bill on the basis of the RN-executive branch agreement, a series of negotiations were conducted throughout yesterday to achieve rapprochement between the PS and government house.

Finally, after meeting with Interior Minister Carlos Figueroa, the PS leadership announced last night that within the framework of the Constitution, Legislation, and Justice Senate Committee — where the bill is lodged — the PS will make observations on the bill on issues pertaining to the case of missing detainees.

This means observations will be made and changes will be proposed before the Senate votes on the bill.

In view of this, after 2100 and after meeting for 90 minutes at Government House with Foreign Minister Carlos Figueroa, the PS plenum and the interior minister announced the agreement through which the ruling party was able to overcome a most serious crisis.

This crisis resulted from the PS plenum decision on 13 November to reject the changes that the executive branch submitted to Congress last week on the human rights bill encompassed in the Frei Proposal after it reached an agreement with National Renewal [RN].

PS President Escalona said at the time that this decision implies it would reject the proposal. Reacting to this comment, Foreign Minister Jose Miguel Insulza said at Government House on 14 November that through this rejection the PS plenum, which he had attended the previous evening, constituted an abusive interpellation.

The foreign minister's words were supported by Interior Minister Figueroa who expressed annoyance over what occurred because Escalona is well-informed about the agreements the executive branch achieved with RN on the missing detainees issue.

He also questioned Escalona's report during the weekend that the bill would be amended on the missing detainees issue. Figueroa categorically denied this on 13 November.

Escalona replied by categorically refuting Figueroa and summoned a meeting of the PS leadership.

The PS-executive branch pressure eased, however, in the afternoon after Camilo Escalona and Gonzalo Martner, the PS secretary general, engaged in telephone negotiations with Government House.

Later, the PS leadership met at PS headquarters on Concha y Toro Street during which they discussed the alternative of submitting observations to the bill before the Senate votes on it.

Planning Minister Luis Maira, who had talked with Figueroa during the morning, attended this meeting and acted as a negotiator.

Maira was supported by Jorge Schaulsohn, president of the Party for Democracy [PPD], who arrived at PS headquarters with PPD Vice President Erich Schnake. After meeting with Escalona, Schaulsohn said that all members of the ruling coalition should support the idea of approving the bill in Congress so that any pending genuine disagreements may be overcome through observations to the law.

Meanwhile, in compliance with the instructions of President Eduardo Frei, Figueroa conducted a round of negotiations during the morning with cabinet members who are also PS members (apart from Insulza).

Planning Minister Luis Maira and Education Under Secretary Jaime Perez de Arce went to Government House but they refused to get involved in the controversy.

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Public Works Minister Ricardo Lagos could not attend the meeting because he is abroad, while Labor Minister Jorge Arrate, who was in Concepcion, returned to Santiago in the afternoon.

During an extensive meeting, the PS board headed by Escalona studied the possibility of making observations to the law as a way to overcome the crisis.

Before leaving for Government House, Escalona said the PS will continue to look for alternatives to the Government-RN agreement. He added that the PS would promote the necessary legislative mechanisms to avoid obstructing the establishment of the truth regarding the individual fate of missing detainees. The PS believes this possibility is not encompassed in the bill approved through the government-RN agreement.

He reasserted that the PS cannot accept the terms of the amendments drafted by Interior Minister Figueroa and [RN] Senator Miguel Otero and insisted that the bill cannot be subjected to vote as it stands. At this time, Escalona also rejected the criticism by the interior minister.

Yesterday, the PS stated that the statement by Alejandro Foxley, the Christian Democratic Party [PDC] president, and [PDC] Deputy Juan Carlos Latorre's ultimatum urging PS cabinet members to clarify their position regarding the human rights bill, seek to oust Ricardo Lagos from the cabinet.

All polls indicate that Lagos is the CPPD presidential contender who enjoys the widest popular support.

Escalona reasserted that the Government-RN proposal "does not represent us because we took no part in it." He said that in view of this, time is needed to negotiate an alternative to make this bill more viable for the PS. He added that to achieve this, there are many months ahead.

There is great annoyance within the PS because Escalona was excluded from previous negotiations and over the disrespectful treatment that the administration dispenses to its leader.

Yesterday, Escalona and PS Secretary General Gonzalo Martner were in permanent contact with government officials, PS legislators, and CPPD leaders.

They met at the PS headquarters with PS leaders, Planning Minister Luis Maira, PPD President Jorge Schaulsohn, and PPD Vice President Erich Schnake.

Also attending the meeting at PS headquarters were Jaime Estevez, president of the Chamber of Deputies; [PS] Senator Carlos Ominami; and Labor Minister Jorge Arate, who reasserted his complete loyalty to his party.

After the extensive PS meeting, it was reported that the proposed path to overcome the crisis consisted in the PS making observations to the bill but before it is voted on in the Senate.

Schaulsohn explained that he was not asking anything from the PS, merely to explain its position so that the CPPD may be strengthened after this incident.

He added that the PPD is willing to help the PS alternative plan, but if the PS proposals are rejected the PPD is entitled to approve the bill.

Schaulsohn clearly stated there is no crisis between the PS and the government or within the CPPD, but categorically asserted that to make observations to a law one must first approve the idea of debating the bill in Congress.

After the PS headquarters meetings, the PS leadership — headed by Escalona — went last night to Government House to meet Interior Minister Figueroa and discuss the alternative to overcome the conflict.

After a 90-minute meeting, at about 2115, Figueroa said: "Through the interior minister, the PS board told the executive branch of its willingness to make observations on the human rights bill within the framework of the Senate Constitution, Legislation and Justice Committee, seeking to establish the truth in individual cases of missing detainees."

He added: "As interior minister, I reiterated to the PS that the it was the administration that submitted the bill on constitutional reforms and human rights, and that it was the administration that stated that the Senate and Congress are the appropriate places to discuss these bills."

In the presence of the media and amid a tense atmosphere, Figueroa and Escalona shook hands as evidence of the reconciliation. They both explained the criticism during the extensive negotiations which led some to fear a virtual CPPD schism in view of an eventual withdrawal of the PS.

Figueroa said Escalona is "a brilliant legislator and the president of an important CPPD member," while Escalona reasserted that the "impasse" had been completely overcome.

Escalona explained the PS position and added that it consists of submitting observations on the law within the next few days. He said the PS believes these observations are indispensable and should be encompassed in the bill.

He added: "The interior minister and I naturally believe the bill can be debated in Congress."

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The Government-PS agreement partially accepted the agreements approved by the PS board which, after a full day's meeting, agreed to make observations on the human rights bill to ascertain the truth about individual cases of missing detainees, and specified that the observations would be made "before approving the idea a debate on the bill" by the Senate Constitution, Legislation and Justice Committee.

It is believed that the PS adopted a more flexible position to achieve an agreement with the executive branch because the idea of introducing observations to the law during the discussion of the bill in the Senate committee was proposed by Foreign Minister Jose Miguel Insulza and Deputy Jose Antonio Viera-Gallo as an alternative to overcome the originally inflexible position of the PS.

Insulza's and Viera-Gallo's position obtained minority support during the PS board meeting on 13 November.

National Renewal Document on Rights Proposal

PY1511173895 Santiago EL MERCURIO in Spanish 13 Nov 95 p C3

[Report by Maria Angelica Venegas from Temuco]

[FBIS Translated Text] The General Council of National Renewal [RN] yesterday afternoon made a political decision establishing that its resolutions will be basic elements which its congressmen would practically have to obey voluntarily when making decisions.

The council also recognizes that "party orders" are inappropriate and points out that the different opinions within the RN must be guided within a framework of internal party reorganization in compliance with the agreements reached by the party organizations.

Regarding human rights, the RN Eighth Council praised the agreement reached by the RN with the government and the Coalition of Parties for Democracy [CPPD] to facilitate the finding of the remains of the missing as a result of the clashes in the period covered by the 1978 Amnesty Law and in the trials against the military personnel who were accused of participating in the clashes.

The document says: "It is not possible to have Chilean society divided by events that occurred more than 20 years ago, many of which originated in the irresponsible political action of certain political leaders who are currently in this administration. It is also not possible to continue to harass the members of our Armed Forces."

Regarding the constitutional reforms proposed by the CPPD in its two versions, the General Council decided to reject them because they were submitted to cover up the CPPD inability to govern by trying to divert the people's attention from the real concerns of the Chilean people.

The General Council recognized that the 1980 Constitution is, without a doubt, democratic, and that it is necessary to propose a package of reforms with the objective of improving some constitutional aspects and also for preventing the bad effects that could result when the government appoints members of important organizations within the constitutional framework.

The document adds: "This under no circumstance means weakening the foundations and balance of the Constitution. On the contrary, it strengthens it."

The council also decided to approve the elimination of the designated constitutional senators after they concluded the constitutional period for which they were designated. However, they will receive recognition for their work during the transition period.

Regarding the second administration of the CPPD, the document says there is a greater contrast between the government speeches, with their good intentions, and achievements, which are nil.

The document also says that despite the agreements reached on honesty in the Public Ethics Committee and on education through the Brunner report, and the framework agreement between the government and the opposition, corruption has reached outrageous levels, and the problems related to agriculture and poverty remain, under the indifference of the government.

The RN General Council also believes that the government trend not to fulfill its commitments is dangerous and that this trend "has become obvious on labor and tax issues, and in the recent appointment of the adviser of the Central Bank."

In the economic field, the government was criticized because a large percentage of the national assets remain immobilized in state companies, which, in addition to impeding development, leads to events such as those in the cases of Esval [expansion unknown], Empremar [State Maritime Enterprise], and Enap [National Petroleum Enterprise].

The RN General Council also strongly rejected fiscal spending because it is excessive and superfluous.

The RN document, furthermore, calls on the government to expedite the privatization process by putting aside ideological prejudice and to fulfill the agreement on taxes in order to reduce the added value tax.

Regarding labor reforms, the document says that the RN will oppose them because they will slow down

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investment incentives, increase unemployment, obstruct economic development, and further delay the solution of social problems.

Regarding foreign policy, the RN believes it is appropriate to denounce the "very poor" leadership in international relations demonstrated by the two CPPD administrations, a clear reference to the Laguna del Desierto conflict.

The RN document sees as a threat the fact that the same officials are in office implementing the same policies and ideas, taking into account the fact that the country will have to deal, in the near future, with delicate issues such as the Patagonia continental glaciers, the Lima Convention, and the Chilean entry into the Mercosur [Common Market of the South] and the NAFTA.

The RN document concludes by making a commitment to strengthen its internal unity.

Christian Democrats Support Rights Proposal

PY1511182295 Santiago EL MERCURIO in Spanish 14 Nov 95 p C2

[FBIS Translated Text] After a heated debate that was attended by Chilean Interior Minister Carlos Figueroa and presidency secretary general Genaro Arriagada, the Christian Democratic Party [PDC] National Council last night decided to give its full support to the government's human rights proposal.

The PDC National Council's unanimous support was not backed by the PDC Youth, whose president, Nolberto Diaz, submitted a statement in which the PDC Youth rejects the text of the agreement that the government achieved with RN senators.

Diaz, however, was not in the room during the voting session. Therefore, his position, as well as that upheld by Deputy Sergio Elgueta, was not considered because he is not a member of the PDC National Council. Gabriel Ascencio, another of the deputies who has objected to the agreement, was not present at the meeting.

PDC National Secretary Francisco Frei praised the level of consensus within the PDC National Council and the idea of perfecting the agreement during the congressional debate.

The PDC council also agreed to support an amendment, soon to be introduced by the government, to the Municipalities Organic Law postponing municipal elections until December 1996. These elections were slated for June 1996.

In view of the government-RN agreement, the PDC last night issued a statement in which it supports the government's initiative and the efforts made by the president to seek an agreement that will allow the reform of the constitution and establish the whereabouts of the missing detainees.

In the statement, the PDC praises the conclusions achieved by the RN General Council, which are described as a contribution to the achievement of an agreement that will allow the fulfillment of the objectives of the presidential proposal. The statement adds: "Nevertheless, we express our complete disagreement with the unjust criticism encompassed in its political vote."

It adds that, nevertheless, the country needs agreements that will enable the advancement of the democratization of institutions, the end of transition, and the healing of wounds inflicted during the authoriatrian process.

The PDC declaration concludes by stating: "These objectives cannot be achieved without the support of the opposition. The RN agreement represents, therefore, an important step toward achieving these objectives and perfecting the proposed bill during the legislative debate."

PDC President Alejandro Foxley had previously said that the RN General Council resolution adopted last weekend supporting the constitutional reforms must be complied with by all RN groups because if 60 percent of a group is in favor of approving a given issue, "its senators must vote in favor."

In view of this, Foxley expressed his optimism that the institutional amendments will become law very soon. He also said he will ask the senators in charge of coordinating these issues to establish a schedule for this purpose.

Foxley said he believes that the RN support for the reform of the Constitution opens a new politicl scenario which neither the CPPD members nor RN can overlook because this event will mark the Chilean political path for quite some time.

Foxley stressed that this decision has created an opposition representative with which the government can discuss agreements not only about human rights but also about socio-economic issues. He said: "This new political situation leads us to hope that Chile may overcome current problems and improve its politics." He also said that no one can overlook this fact.

Socialists Reject Rights Agreement

PY1511185095 Santiago EL MERCURIO in Spanish 14 Nov 95 p C2

[FBIS Translated Text] The Socialist Party [PS] plenum has unanimously rejected the agreement reached by the administration and National Renewal [RN] that resulted

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in the changes the Executive Branch submitted last week to the Senate to amend the human rights bill.

The decision was adopted after a debate that lasted more than six hours, centering on whether to reject the agreement or to introduce observations during the debate of the bill in Congress.

This last position was promoted by Deputy Jose Antonio Viera-Gallo, who poignantly reminded those present that the PS is a government party and that although it was incorrect to reject the agreement, observations could be made.

Three of President Frei's cabinet members, one under secretary, and other government officials were present when it was decided to reject the human rights bill.

The cabinet members who were present were: Foreign Minister Jose Miguel Insulza; Labor Minister Jorge Arrate; and Luis Maira, planning and cooperation minister. Also present was Education Under Secretary Jaime Perez de Arce.

Health Under Secretary Fernando Munoz attended the meeting but withdrew before a definitive decision was adopted.

PS President Camilo Escalona explained that the decision adopted by the PS plenum is tantamount to rejecting the approval of the human rights bill both in the Senate and the Chamber of Deputies.

In this regard, he said that this decision rejects the agreement achieved by the Executive Branch and the RN. He added that the PS rejected the idea of making observations to the bill in Congress because this is a political decision, not a technical one.

Asked whether this implies that the PS will be leaving the government, Escalona said that the party plenum has decided that certain representatives or legislators are not speaking on behalf of the parties they represent and "in view of this, it was decided not to include this issue in our statement," he said.

At this time, the PS reasserted its support for President Frei's original human rights proposal and added that if the debate had centered on this bill, it would have applauded it.

When told that people do not understand how a government party can reject an executive branch bill while an opposition party like RN and its General Council had approved the government's human rights bill and the constitutional amendments included in the Frei proposal, Escalona said that the PS is only questioning the human rights bill.

Escalona also underscored the content of the PS statement, which states that it is ethically unacceptable to try to condition the approval of the reforms on the human rights issue. He said that, therefore, it is not contradictory for the PS to reject this bill despite being a member of the ruling party.

The PS declartion reasserts its loyalty to the government and states that without the CPPD [Coalition of Parties for Democracy], it is not possible to continue with the transition process.

It adds that socialism will assume its responsibility as a government party and a CPPD member in keeping with its commitment to seek truth and realize justice regarding human rights, which, despite being an issue of the past, is fundamental in the building of the future.

After the party decided to reject the human rights bill, Deputy Jose Antonio Viera-Gallo left the plenum meeting and expressed his categorical opposition to the PS position.

He said that it is very different to reject something instead of making observations to the bill because the government-RN agreement can be perfected during the congressional debate.

Viera-Gallo admitted that no one in the plenum accepted the government-RN agreement, but it is one thing to categorically reject it and another to uphold serious objections.

He added that when the president has made a proposal, the PS can make objections but never express its categorical rejection of such an important issue.

Socialists' Resolution Prompts Conflict

PY1511194895 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 15 Nov 95

[FBIS Translated Text] The resolution issued by the plenum of the Socialist Party [PS] Central Committee to reject the proposal on human rights prompted a great conflict today. The government has summoned the PS ministers to decide on the position they will adopt. At this moment the president is meeting with PS President Camilo Escalona.

During the intensive debate held last night at the PS Central Committee plenum, the Socialist ministers were in favor of including amendments to the government initiative. But the hardliners' position prevailed. The resolution, which allows for different interpretations, says that the PS rejects the proposal on human rights agreed upon with the National Renewal because it is convinced that it distorts the government's original

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proposal, and that it will persist in its intention to achieve an instrument which is legally effective to reach the truth on missing-detainees, reaffirming its certainty that high treason crimes are not liable to benefit from the statute of limitations or amnesty.

[Begin recording of PS President Camilo Escalona, in progress] ...that the time has come to refer to the current text; of course we cannot avoid our responsibility. Our rejection also includes our opposition to the idea of legislating. [end recording]

Escalona's statement was like a bucket of cold water on the government. By an expressed order from the president of the Republic, Interior Minister Figueroa summoned the Socialist ministers and under secretaries to ratify their personal position on the matter. The first to appear was Foreign Minister Jose Miguel Insulza who expressed his open disagreement with the position of his party president.

[Begin recording] [Insulza] What I want to express is my protest or my annoyance over what has been done by the PS president — an arbitrary interpretation of the PS Central Committee resolution.

[Luis Maira, Planning and Coordination Minister] [Words indistinct] on one point of disagreement on certain progress obtained following the main presidential initiative, and I think it is very important to [word indistinct] within a climate of crisis or of threat to the existence of the coalition or to the course of action. [end recording]

Moreover, Interior Minister Carlos Figueroa called the press and harshly criticized the PS president in the same terms used by the foreign minister.

[Begin Figueroa recording] I thought some people were interested in any explanation on the matter of continuing to be a political organization. This seems to be very incorrect. [end recording]

A meeting between Interior Minister Carlos Figueroa and the PS board has just ended. At the end of the meeting, a communique was read. This communique expresses the desire of the Socialists to submit proposals to the project on human rights within the Senate Constitution, Legislation, and Justice Committee. It was thus estimated that the position of the Socialists has become more flexible on this matter.

At this moment the interior minister is meeting with the president of the Republic, apparently talking to him about what has happened.

President Hails UN Security Council Membership

PY1611024295 Santiago EL MERCURIO in Spanish 9 Nov 95 p A1

[Article by Jessica Herschman]

[FBIS Translated Excerpt] New York — Chile was yesterday elected as a nonpermanent member of the UN Security Council, during a voting session in which it obtained the most votes among the five candidate countries. [passage omitted]

Visibly touched, Ambassador to the UN Juan Somavia acknowledged that he is "very happy because Chile obtained the most votes. Of the five countries elected to join the UN Security Council, ours obtained the most votes, and this means that the work done by our Foreign Ministry and the efforts we made in New York have been acknowledged. I also think that this result reflects the natural evolution of the presence of Chile in international relations and the interest there is in Chile's opinion on political issues."

Somavia maintained that "the votes Chile obtained surpassed all our expectations. It was a great vote of confidence in Chile today. It is a result that should fill all the Chileans with pride. This membership is an opportunity to contribute with our reflections and experience to solve the most visible problems of peace and security in the current world, and I am sure that both Chilean society and diplomacy are able to take this great step that fully incorporates us into the international political dialogue."

Polish Ambassador Zbigniew M. Wlosowicz, whose country was also elected, told EL MERCURIO that "it will be a pleasure to work with Chile. It is a great country."

Hisashi Owada Ambassador of Japan (a strong candidate to a permanent member of the UN Security Council) said that "my country shares many ideals of democracy and human rights with Chile, which makes us feel very close to it, and we celebrate Chile's participation in the UN Security Council."

There is a consensus among UN members that this was a particularly important election because Chile and the rest of the countries that were elected today have joined the UN Security Council at a critical moment. The United Nations is currently questioned by its failure in the former Yugoslavia. It likewise faces an urgent need to introduce reforms to its peace mechanisms and to its own internal bureaucracy which paralyzes hundreds of initiatives. It likewise has representation problems as denounced by many UN members.

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This is why the next two years will be decisive for the adoption of such reforms and Chile has the opportunity to commit itself to lasting determinations that will help bring the United Nations in line with the standards of today's world. One of the changes foreseen is the reform of the composition of the Security Council so as to make it more representative, a position Chile has publicly endorsed.

Foreign Minister Jose Miguel Insulza said in Santiago that the election of Chile as member of the UN Security Council is an acknowledgement of the political and economic stability of Chile and of its contribution to the international system.

He added that Chile's participation in the UN Security Council, which is the main political organization of the United Nations, will be based on one of its foreign policy principles: international responsibility.

Within this framework, Insulza said, Chile's participation will be oriented toward stressing preventive diplomacy and the peaceful solution of disputes, and to sponsor regional solutions based on the capability of action of the countries from the areas in conflict.

Chile will also be particularly concerned with the victims of situations of crisis analyzed by the UN Security Council.

When the result of the voting session was known, President Eduardo Frei labeled it as quite impressive and he expressed his satisfaction over the fact that Chile is participating in the Security Council.

"I am very happy. It is a great responsibility for Chile precisely because it has to work for peace in the world," he said.

Navy Under Secretary Views Military Integration

PY1611014895 Santiago EL MERCURIO in Spanish 15 Nov 95 p C7

[FBIS Translated Text] Navy Under Secretary Pablo Cabrera said yesterday that the military integration process taking place in the Americas is a gradual task that has no deadlines.

This is how Cabrera referred to the recent "measures of mutual trust" established by Chile and Argentina and by other nations of the continent. He added: "Because this is a complex process, solutions are not found quickly."

Cabrera said many years will pass before reaching a total interaction between the Armed Forces of the continent but that there is a will on the part of the Chilean and other governments to work to achieve that objective.

Cabrera also said there is agreement on the need to establish consensus and to fix the basis for a future economic and trade unity in the Americas, and that the "elimination of friction" in the military field is essential for this task.

He said: "The Armed Forces are essential in this task of reducing differences. I believe, however, that the negotiations should include not only two but all countries."

Cabrera said he advocates reaching macro rather than bilateral agreements because macro agreements are more solid and stable.

In this regard Cabrera praised the Santiago Declaration on Measures for Encouraging Trust and Security signed on 9 November in Santiago with OAS Secretary General Cesar Gaviria present.

Colombia

Foreign Minister Interviewed on Ties With Venezuela

PA1511205395 Caracas EL UNIVERSAL in Spanish 12 Nov 95 p 1-16

[Interview with Foreign Minister Rodrigo Pardo by Roberto Giusti in Bogota; date not given: "Colombia Has Rights Over the Gulf of Venezuela"]

[FBIS Translated Text] *At 37 he is not only the youngest foreign minister in Colombia's history, but also the most judicious and best-positioned among the ministers of the stormy cabinet of President Ernesto Samper.*

He sailed through unharmed as communications director of the campaign of then presidential candidate Ernesto Samper, after having sounded out, as ambassador to Caracas, the difficult course of Colombian-Venezuelan relations, which were at their best then.

He has tried journalism and is also the first international relations professional to serve at the San Carlos Palace. He admits feeling at ease in a post for which he prepared himself for many years and this is why he is not impatient toward the lures of power: "Politics is the art of possibilities and given that my possibilities are currently zero, I am not nursing any aspirations."

His principles, temperament, and training make him stray from the prototype of the crafty and rhetorical traditional Colombian diplomat, but he is also absolutely unlike the priestly Colonel Julio Londono (recall the Corvette Caldas).

Rodrigo Pardo inherited from Noemi Sanin the embassy in Caracas and later the foreign ministry and has, in the

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end, imposed his style over the charm and conquering halo of the now presidential hopeful.

Although the foreign minister is absorbed by our frenzied relations with the United States and is attentive to the permanent frictions with Venezuela, he finds time for the presidency of the nonaligned movement and to set the guidelines of a foreign policy that came of age a long time ago.

[Giusti] Venezuelan negotiator Hilarion Cardozo pointed out that during the most recent meting of the Colombian and Venezuelan negotiating commissions, there was agreement on the issues of migrations and the Gulf of Venezuela. Where you able to establish the points for a possible agreement to settle differences over the Gulf of Venezuela?

[Pardo] Dr. Hilarion Cardozo was referring more to the general work done by the commissioners, who met in Miami twice within a two-month period with a renewed spirit to move forward. I know nothing about the details of the negotiation, because the commissioners work with relative independence, but as soon as an agreement is reached they will present it to our governments. There is very specific progress in setting the boundary markers closer [densificacion de los hitos]. Work had already been done in the southern area of our border, but in the wake of the 8 and 9 October incidents, President Caldera called for an intensification of this work along the Perija mountain range. We concurred and the commissioners decided to replace technical teams with the Binational Demarcation Commission in order to expedite this task.

[Giusti] President Caldera was very explicit here in Bogota about how sensitive Venezuelans are over the issue of its borders with Colombia. The mood perceived in Venezuela is that not even one millimeter should be yielded in the gulf. How can the Colombian government negotiate when it senses that the other side is maintaining an unchangeable position?

[Pardo] The goal of the binational commission is to reach an agreement in which the rights of the two countries are respected. In the words of Dr. Eduardo Santos: an agreement without losers. Colombia has no interest in curtailing the obvious rights that Venezuela has over the Gulf of Venezuela, but Colombia too has rights, because it has coasts along the northwestern area of the Gulf of Venezuela. An agreement is possible on the basis of international law, objective principles, and negotiations on how international law and those objective principles will be interpreted. The commissioners should seize the political opportunity to reach an agreement without forgetting that they are also handling three other important issues.

[Giusti] Colombia would not accept a solution that does not recognize its rights over the Gulf of Venezuela?

[Pardo] Correct, and this is why there is a negotiating commission involving the two countries; this does not affect Venezuela's obvious rights over the gulf in any way.

[Giusti] Would recognition of the dry coast theory be the only way to meet Venezuelan aspirations?

[Pardo] Public personalities have presented theories but we cannot necessarily talk about a theory that calls for a national consensus in the two countries. There are several ideas but the important thing is that the two countries have a way of dealing with this. We might differ on the way to delimit marine and submarine areas, but we agree on the way to handle these differences. There is an agreement and this is what turns two countries into friends.

[Giusti] The negotiators' communique talks about a reasonable deadline for solving problems. After so many years, does this mean that we are getting closer to a definitive solution?

[Pardo] More than a swift solution; we need a good agreement — one that will close, and not open, wounds; one that will stabilize rather than make relations more difficult. We all would like an agreement sooner rather than later, but speed should not be a basic consideration for our governments. It is more important that we feel confident that the agreement reached will be as Dr. Santos described it: an agreement without losers.

[Giusti] There is no deadline to reach an agreement?

[Pardo] No, there is none, but there is a clear goal: to reach a good agreement.

[Giusti] Where is the Inravision Television antenna located?

[Pardo] It is located on Colombian territory. The studies that prove it were made when the antenna was installed. We are willing to show those documents, make new visits, and settle these differences in a binational way. We must find a common solution that is satisfactory to the two sides. There are, in addition, independent ways to determine the location of the antenna.

[Giusti] Was this not settled during the visit to the site by the two foreign ministers?

[Pardo] Absolutely. It was settled.

[Giusti] Why, then, does the Venezuelan defense minister state that the antenna is located on Venezuelan territory?

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[Pardo] I do not know. I have read his statements but I do not know his reasons. In that case and others, we have sought common grounds by which to be bound, instead of a Colombian and Venezuelan position that leads to deadlock.

[Giusti] Could that be happening because foreign relations matters have been handled in Venezuela by the Defense Ministry and not by the Foreign Ministry?

[Pardo] It is essential that the foreign ministries handle the matters, and I obviously feel more at ease speaking about my country than about Venezuela. It has also been criticized here, and I am convinced that diplomacy was necessarily created to keep disagreements between countries from ending in conflicts.

[Giusti] But when the Colombian foreign minister said Colombia would not yield a centimeter to Venezuela, it was the defense minister and not the Venezuelan foreign minister who retorted that Venezuela would not yield a millimeter.

[Pardo] Diplomatic channels have the advantage of handling difficult topics in a friendly manner. After my experience as ambassador to Venezuela and foreign minister, I find that the work of our Armed Forces is essential. We cannot lose sight of the fact that they are a great instrument for improving our relations. This is so since several agreements of cooperation between our Armed Forces have been signed dating back to 1990 in San Cristobal that are very helpful. Today, the prevailing topics on the binational agenda are security — or lack of security — and crime along the border. Drug trafficking, car theft, gunrunning, kidnapping, the presence of guerrillas, prevail over what use to be trade, delimitation of marine and submarine areas, or the demarcation of our land borders.

[Giusti] Venezuela has been the loser in all these problems.

[Pardo] The two countries are the losers. The existence of crime is no advantage to anyone. It is not an advantage for Colombia either. Colombia is a country that has achieved what no other country in the world has achieved: It put drug trafficking bosses behind bars. Consequently, since these are the two biggest sources of concern to the public in Colombia and Venezuela, the joint effort of the armed forces is essential to fight crime successfully. The rapprochement among the armies, the National Guard, and the Colombian Police has not solved all the problems, but has become an instrument to deal with these matters. Instead of blaming each other, we must make cooperation more effective.

[Giusti] How do you view the difference in the Venezuelan policy toward Colombia between the Perez and Caldera administrations?

[Pardo] The differences as such are not in their positions but are in fact due to the situation in both countries, and this does have a bearing on the bilateral relations. When President Perez began his term, during the final days of the Barco administration, the process of economic integration was beginning to gain momentum. During the Gaviria and Perez administrations, the handling of the relations was easier, because the integration had gained that momentum. Today, the issues on the agenda are crime and the border problems; back then the meetings were like those of businessmen: to discuss mutual investments and increase in trade.

[Giusti] However, negative aspects such as kidnappings and vehicle thefts existed back then.

[Pardo] They weighed less on the agenda. Besides, positive aspects made the situation easier to handle.

[Giusti] Does the attitude of the Venezuelan Government have anything to do with that change?

[Pardo] Nowadays the economic situation in Colombia as well as in Venezuela is completely different. There is some doubt about the intrinsic advantages of liberalism. It is believed that free trade is good, but it is also expected that it will be a two-way street and will not wipe out entire sectors. This makes the handling of the relations more difficult. In the early 1990's, trade conflicts were almost nonexistent. In fact, on the steel issue — an issue that is so difficult and sensitive in Colombia — an agreement was reached among the steel sectors promoted by the then Commerce Minister Ernesto Samper. However, the integration party is over. Now, we have a bit of a hangover from it. We must handle things realistically. It is obvious that integration continues to be a priority for the Colombian Government. Hangover and all, Colombia is the main market for Venezuela's nontraditional exports and Venezuela is the second largest market for Colombia's nontraditional exports. This situation must be preserved, at moments when exports are so difficult.

[Giusti] If the negative aspects are more prevalent in the relations and the positive ones, such as integration, have been put on the back burner, can we assume that the relations between the two countries have deteriorated?

[Pardo] Yes, that is true. Relations have become more difficult, more difficult to handle. The border issue has become more sensitive between the two countries.

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[Giusti] Couldn't it be that both governments are using this as a smoke screen to divert the people's attention from their respective domestic problems?

[Pardo] As foreign minister, I would be happy if I could get rid of this smoke screen, because it is a smoke that is suffocating. I prefer oxygen. Colombians are demanding that their government — and this is valid any time — stay away from any additional problems and avoid endangering integration. They demand that we seek an understanding with a neighbor that is there because of geographical reasons, a neighbor that will remain united with us forever. It is like a marriage without the right to divorce. This is something that does not bother a person with very positive feelings toward Venezuela, like me. If given the option, I would always oppose a divorce.

[Giusti] You mean this is a Catholic marriage?

[Pardo] We have a social Christian government, we do not believe in divorce.

[Giusti] Even though President Caldera may have divorced his party?

[Pardo] Yes.

When the Poppies Bloom

[Giusti] Foreign Minister Burelli said that Venezuela could claim an indemnity from Colombia for the damage to the ecology by poppy growers in the Perija mountain range.

[Pardo] I am not aware of Foreign Minister Burelli's request, but it would require close examination because it assumes an intention by the Colombian Government to cause damage to the ecology. This is a mistake. What needs to be done — because apparently there are plantations on both sides of the border — is to improve understanding between the two countries. We have experience in the eradication of these crops and we are willing to share it with Venezuela. Poppies on the Venezuelan side are still of concern to us because at any moment they may cross into Colombian territory.

[Giusti] Will you insist on demanding an indemnity for the damage caused by the National Guard to Colombian people and properties?

[Pardo] Part of the communique we issued jointly has to do with the legal study of the events in order to establish solutions based on that premise based on the law. We foreign ministers define procedures, but we cannot define responsibilities or replace judges. We want to maintain good relations finding solutions to problems.

When the DEA is Heard

[Giusti] Analyzing the causes for Gomez Hurtado's assassination, analysts have mentioned a conspiracy by the extreme right reportedly to seek the radicalization of the Armed Forces to prompt them to seize power.

[Pardo] There are so many theories — and they must all be heard. But I would rule out that which you mentioned, because the Armed Forces have demonstrated their faithfulness to the law, the constitution, and to civilian rule. The Armed Forces are most interested in finding a solution to problems. There is the thought that this could come from the left wing, the drug traffickers, or any strange alliance. The situation of violence is so complex that the identity of the perpetrators in crimes whose masterminds are known — such as Luis Carlos Galan's assassination — was never established.

[Giusti] CAMBIO 16 columnist Antonio Caballero goes further, he insists on pointing at the DEA as a suspect, just as the Interior Minister did when an attempt to assassinate Antonio Jose Cancino, President Samper's lawyer, was made.

[Pardo] I do not see the motives in the DEA. I do not see the will to participate in such actions. I do not think it would be advisable for it. The DEA is interested in a joint effort and, based on that, the Colombian Government has proposed a program of cooperation in the fight against drug trafficking.

Our Friend Bill

[Giusti] Hasn't Case 8000 weakened Colombia's foreign relations, particularly with the United States?

[Pardo] Case 8000 is considered a Colombian domestic affair. Thus, it is not part of the international agenda. It does not go beyond our domestic agenda. With regard to the United States, President Clinton views it as a Colombian domestic affair, and not only has this been so but it must be so.

[Giusti] The impression outside Colombia is that the U.S. Government has taken aim at Samper. The media — such as THE MIAMI HERALD, which published a report on the use of drug trafficking funds in the campaign — feels the same.

[Pardo] THE MIAMI HERALD article is a rehash. I could show you five or six articles published this year saying the same thing without providing any evidence. In the case of the U.S. Government, I am convinced that they acknowledge the advisability of maintaining good relations with the Colombian Government. Both our governments are bent on fighting drug trafficking, and the only way to do it is by working together. In recent

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weeks, the possibilities have been opened to develop our bilateral relations. In his speech to the United Nations, President Clinton referred to the need to fight money laundering, and taking drastic measures against drug consumption. He also emphasized the achievements made in the cooperation with Colombian authorities in the struggle against the Cali Cartel. All this makes it very clear that a possible conflict between Colombia and the United States would only benefit the drug traffickers.

At the President's Service

[Giusti] Taking into account that you are the minister with the best image in this government, what is your future? It has been said that the president intends to appoint you interior minister and it has also been said that you might opt to run for president.

[Pardo] I depend on what the president orders, and I am there to help him. I do not know what I will be doing in the future because it does not depend on me 100 percent. I got involved in politics without intending to do so. I was always involved in academic activities and in journalism. In addition, I am pleased with my current job.

[Giusti] Are you pleased when you have to face U.S. State Department officials?

[Pardo] I feel good because I am increasingly clearer as to the way I should handle that type of situations and as to the way I am making progress in the expansion of our international relations. We are making an effort to get closer to Asia, Africa, and the EU. We think that by opening such opportunities, it is possible to reach a different dimension in the bilateral relations with countries such as the United States.

[Giusti] Having worked as ambassador in Caracas during the Perez administration, what differences and similarities do you find between the process that led to Perez' ouster and President Samper's current situation?

[Pardo] There are big differences. The process affecting Colombia is linked to the drug problem. It is a problem of an international nature. Colombians feel they are victims of drug trafficking, and this has resulted in a great support for President Samper in spite of the campaign against him, a campaign that has been so negative and so strong. In spite of everything that has been published against the president, the government, the ministers; in spite of the legal cases that are under way at the prosecuting office and at the Accusations Committee, the president has maintained levels of acceptance of over 40 or 45 percent. He is currently close to 50 percent. This makes the political handling of the situation easier. In Venezuela, President Perez was affected by a terribly strong reaction against him after 4 February. A large majority of the population see Samper as a victim of drug trafficking. In Colombia, whether for good or bad reasons, we all feel victims of drug trafficking, and this is an element that brings the president closer to the citizens. Colombians are enraged by the fact that we are presented to the world as a nation favored by drug trafficking — when the truth is that we have lost many lives and suffered many years of violence as a result of a problem that is not ours or caused by us.

[Giusti] Can drug trafficking be blamed for Gomez Hurtado's death?

[Pardo] Undoubtedly, regardless of who pulled the trigger against Dr. Alvaro Gomez. The presence of drug trafficking explains violence in Colombia. We wouldn't have any guerrillas if it were not for drug trafficking. I am always asked abroad, how can it be possible to have marxist guerrillas in Colombia when Marxism, the armed struggle, and the Soviet Union came to an end?

[Giusti] They are no longer Marxists.

[Pardo] They are not political groups but a reality that can be explained by the strong financing they obtain from drug trafficking. Without drug trafficking, Colombia would be a country where the positive aspects, the democratic stability, the people's working capacity, would be more much visible in the eyes of the international community.

Defense Minister Said Seeking To 'Improve' Ties

PA1511230095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 15 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Colombian Defense Minister Juan Carlos Esguerra has traveled to Washington to try to improve relations with the United States. Today, he spoke about bananas, and tomorrow he will call for more technical aid in the struggle against drug trafficking. We have the following via a satellite report from Daniel Rocha:

[Rocha] The defense minister's visit to Washington is part of the Colombian Government's effort to improve relations between the White House and Narino Palace. The issue of bananas was included as part of the agenda. A penalty endorsed by Senator Dole may bring about serious consequences for the country.

[Begin Esguerra recording] The fact this amendment is being promoted will adversely affect Colombia's interest regarding the banana issue and ultimately our own public order and security. [end recording]

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[Rocha] Other issues on the agenda are human rights and military assistance, with the provision of new equipment to counter drug trafficking. But how will the war against the guerrillas be won?

[Begin Esguerra recording] If we are unable to win that war on the basis of negotiations, if we cannot win it on the basis of agreements and dialogue, it is our duty to use the instruments of the Constitution and law. They impose upon us the obligation to use force, within the framework of law. [end recording]

[Rocha] Finally, the border issue was also discussed. Will Venezuelan soldiers be allowed to enter Colombian territory to chase guerrillas and drug traffickers?

[Begin recording] [Esguerra] I will answer this question with the shortest answer I have given on this trip: No.

[Unidentified reporter] Under no circumstance or situation will this be considered?

[Esguerra] No, no. [end recording]

Ecuador

Army Urges U.S., Peru To Deny Charges of Lima Daily

PY1611023295 Madrid EFE in Spanish 2345 GMT 15 Nov 95

[FBIS Translated Text] Quito, 15 Nov (EFE) — The office of the Ecuadoran Army commander today asked the U.S. and Peruvian Embassies in Quito to virtually deny reports disseminated by the Lima newspaper EXPRESO. The Ecuadoran Army charges EXPRESO with torpedoing the Ecuadoran-Peruvian peace process by citing official sources in "a systematic campaign of disinformation [desinformacion] and slander."

In a communique, the Ecuadoran Army commander states: "It is necessary for the Peruvian and U.S. diplomatic missions in our country to issue a statement in this regard. It is necessary to identify the sources the newspaper has time and again mentioned in the reports it has disseminated. These reports could jeopardize the peace process that is under way."

That Lima newspaper, the communique says, "is sensationalist and follows a clear pro-government leaning," and "it has undertaken the unwelcome task of launching a systematic campaign of disinformation and slander against the Ecuadoran Armed Forces and their commanding officers."

At a time when the "peace process is being complied with," that newspaper, the communique adds, "is covertly implementing a tricky disinformation strategy by citing widely respected sources, mostly from the United States, such as the Pentagon's intelligence services, California's special agency, the National Training Center-Fort Irwin, the UN Department for Political Affairs, and so forth."

In this way, the communique says, EXPRESO "seeks to confuse the international public through its enviable imagination by irresponsibly claiming that Ecuadoreans have been bribed, that ultrasophisticated weapons have been purchased, and — in its skillfully webbed strategy — by charging the Ecuadoran military leadership with engaging in political and state affairs."

After stating that "we should not let ourselves be persuaded by this type of information," the office of the Ecuadoran Army commander reiterates that the binational peace process is at present focusing on "activities designed to restore tranquillity and mutual confidence in the region to promote the peace to which our nations aspire."

The Ecuadoran and Peruvian armed forces waged from 26 January to 28 February this year an undeclared war on a strip of their common undemarcated Amazon border. This was their third armed conflict in the past 50-year period.

The relaxation of tensions has been instrumental, among other things, in searching for soldiers killed in battle. Today, the body of an Ecuadoran sergeant was retrieved from the former battlefield — which has now been demilitarized — and taken to the city of Guayaquil.

MOMEP To Meet in Quito 16 Nov To Review Progress

PY1511201995 Quito Voz de Los Andes in Spanish 1700 GMT 15 Nov 95

[Report by Edwin Chamorro]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has reported that the MOMEP, Ecuador-Peru Military Observers Mission, will meet in Quito tomorrow to review and assess what has been done so far and to clarify anything not included on the agenda. Leoro Franco added that it will also discuss the inclusion of Peruvian and Ecuadoran officers within MOMEP. He also referred to the latest agreement between Ecuador and Peru reached in Chile within the framework of the OAS Conference on strengthening [words indistinct] and bilateral ties.

[Begin Leoro recording] When we talk about patrolling, we can say that today there is no more need for warning shots; and when there is any type of misunderstanding we try to solve the problem immediately and directly among the chiefs of the battalions or companies, or even

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of the patrols, or whomever is in charge of the situation. No measure will be adopted because an airplane has overflown an airspace unwillingly. Talks will be held at the lowest levels to prevent all these [words indistinct] to reach an agreement or an arrangement to facilitate easier relations between troops on both sides, through fireworks to celebrate the national holidays of each of the two countries. This will also help establish personal friendly relations that will surely cooperate in reaching an acceptable and definite peace. [end recording]

The Ecuadoran foreign minister added that we must remember that at the meeting that will be held tomorrow in Quito, an agreement must be reached to create a MOMEP 3, because the mission of MOMEP 2 is scheduled to end on 20 November.

Ecuadoran Foreign Ministry Secretary General Marcelo Fernandez de Cordoba has also reported on the meeting that the MOMEP 2 will hold in Quito.

[Begin recording] [Fernandez] This will be a routine meeting, according to the procedures established by the Itamaraty Declaration and the procedures of MOMEP 1 and MOMEP 2. Tomorrow's meeting has no other objective but to evaluate what has been done during this period. It is appropriate to mention that the mission of MOMEP 2 will end on 20 November, thus a MOMEP 3 must be created. Therefore, the objective of the meeting is mainly to evaluate what has been done and to review what is still to be done within the next few months, especially concerning integration of [word indistinct] from Ecuador and Peru within MOMEP.

[Unidentified reporter] Can you evaluate the action of MOMEP 2 and [words indistinct] MOMEP 3?

[Fernandez] I must first say that the observers' mission was created by the Itamaraty Declaration, and this commitment will not end until all prevailing impasses are solved. This is a process that takes its own time, and as you can see [words indistinct] which has strengthened peace. [passage indistinct] the two foreign ministers will meet again in January to discuss procedures and means to find a definite solution to the prevailing impasses according to the provisions of the Itamaraty Declaration. [end recording]

Paraguay

Oil Refining Agreement With Uruguay Signed

PY1511154995 Asuncion ABC COLOR in Spanish 11 Nov 95 p 15

[FBIS Translated Text] Paraguay may unload and refine crude oil in Uruguay according to an agreement that the two countries' foreign ministers signed in Montevideo yesterday. They also signed an agreement to avoid the double payment of taxes. The documents were signed during a 12-hour official visit by Paraguayan Foreign Minister Luis Maria Ramirez Boettner to Uruguay.

The Paraguayan and Uruguayan Congresses must still approve the agreements signed by the two countries' foreign ministers (one agreement on economic cooperation and one on avoiding double payment of taxes) before they can be fully in effect. From that moment on our country may unload and refine oil in Uruguayan territory, particularly the crude coming from Algeria. As compensation, Uruguay will have access to Paraguayan hydroelectric resources.

Our country is scheduled to import 150,000 cubic meters of crude oil from Argentina and 100,000 cubic meters of oil from Algerian this year. Paraguayan Petroleum, Inc. (Petropar) has stated that imports of the Algerian crude oil called Saharan Blend dropped by 52 percent and oil purchases from the neighboring Argentine province of Formosa (in Palmar Largo) were increased by 183.9 percent between 1993 and 1995.

Paraguayan Foreign Minister Ramirez Boettner and Uruguayan Foreign Minister Alvaro Ramos Trigo also signed an agreement on ground transport, seeking to avoid the double payment of taxes.

The Paraguayan foreign minister met with Uruguayan President Luis Maria Sanguinetti at Government House yesterday afternoon. During the meeting he was accompanied by Uruguayan Foreign Minister Ramos Trigo. The officials talked about Mercosur [Common Market of the South], the Parana-Paraguay Waterway project, and efforts to implement cooperation projects that have already been signed.

The Paraguayan diplomatic delegation, headed by the foreign minister, returned to our capital yesterday after a 12-hour official visit. The minister arrived in Montevideo at 0920 and went immediately to lay two wreaths: One at the General Jose Gervasio Artigas monument and another at the Marshal Francisco Solano Lopez monument.

At 1130 the foreign minister met with the Latin American Integration Association (ALADI) committee of representatives at ALADI headquarters.

Ramirez Boettner was decorated by the Uruguayan Government at the Foreign Ministry at 1230. His counterpart Ramos Trigo headed the ceremony. The two agreements were signed at 1600.

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Political Leaders Agree To Renew Electoral Registry

PY1511171595 Asuncion ABC COLOR in Spanish 11 Nov 95 p 2

[FBIS Translated Text] The leaders of the most important political parties, the president of the Republic, and congressional authorities yesterday signed an agreement accepting the registration period for a Permanent Civic Registry in the way contemplated in the draft bill that is currently under study in Congress. The same leaders also agreed to hold municipal elections in 1996.

The Senate is currently studying a bill that orders the total renewal of the electoral registry; establishes that registrations will be carried out during a period of 120 days; and establishes that, in all cases, voters will be able to register only on Saturdays, Sundays, and holidays. The agreement also establishes that this period can be extended for another 15 days through a Superior Electoral Court resolution.

Yesterday's agreement establishes that if the number of individuals registered by the new system is not equal to the number of individuals registered under the old system, the period of registration will be extended, for a reasonable time, until there is a minimum number of registrations.

Attending the meeting, besides President Juan Carlos Wasmosy and Vice President Angel Roberto Seifart, were PLRA [Authentic Radical Liberal Party] leaders Juan Manuel Benitez Florentin and Domingo Laino; National Encounter Party leaders Guillermo Caballero Vargas and Mario Paz Castaing; Colorado Party leaders Eugenio Sanabria Cantero and Diogenes Martinez; and congressional leaders Rodrigo Campos Cervera, Arnaldo Rojas Sanchez, Emilio Cubas, and Conrado Pappalardo, among others.

During the period for speeches, Wasmosy and the political party leaders agreed that the consensus will help strengthen the development of the democratic process, and that in order to reach the objective, it is necessary to achieve the effective participation of all citizens in future elections. The leaders also expressed their firm political will to hold municipal elections during 1996.

Domingo Laino Wins Liberal Party Elections

PY1511195095 Asuncion ABC COLOR in Spanish 13 Nov 95 p 1

[FBIS Translated Text] Domingo Laino has again been able to win his party's [Authentic Radical Liberal Party, PLRA] internal elections. His victory was without problems, which confirms a hegemony that has lasted years. The surprise was Fernando de La Mora Mayor Julio Cesar Franco, who is in alliance with Deputy Francisco Jose de Vargas, and came in second. Third was Hermes Rafael Saguier and last Senator Fernando Pfannl. No major incidents were reported, although a good number of voters complained that they could not vote because their names had not been included in the electoral registry.

Uruguay

Popularity of President, Montevideo Mayor Up in Oct

PY1511165295

[FBIS Editorial Report] Montevideo EL OBSERVADOR in Spanish on 1 November publishes on page 7 a 550-word copyrighted article on a public opinion poll by Equipos Consultores Asociados. It is entitled: "Evaluation of the Sanguinetti Administration Improves Considerably in October." Their nationwide poll of 1,000 persons between 9 and 27 October shows the popularity of President Julio Maria Sanguinetti grew considerably in October. Approval of the Sanguinetti administration rose by five percent to stand at 26 percent of those polled, while 44 percent disapproved of it. The resulting 18 percent balance is less critical than in September, when it totaled 30 percent. Support for the head of state continued to be found among his fellow Colorado Party members while his fiercest critics are Montevideo dwellers. In October, the president commanded greater support from the left, especially from the New Sector Coalition, possibly due to the reception given to Cuban President Fidel Castro and Sanguinetti's participation in the Fifth Ibero-American Summit of Heads of State and Government held in Bariloche, Argentina.

The poll also gaged the popularity of Montevideo Mayor Mariano Arana, showing that he is increasingly popular among voters. The poll gave him a 66 percent approval rate against an 11 percent disapproval rate.

Article Views Economic Situation, Prospects

PY1511123695 Montevideo EL OBSERVADOR in Spanish 20 Oct 95 pp 9, 10

[Article by Alejandro Gold]

[FBIS Translated Text] No spring is foreseen for the Uruguayan economy. The latest official economic indicators are not too encouraging for Uruguay's domestic situation, and there are few prospects for change in the short term.

Unemployment in the capital is stable at more than 10 percent, but the trend is toward an increase; inflation

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seems to have begun dropping, but at a very slow pace and under the pressure of a strong drop in the level of activities; and the purchasing power of salaries is dropping month after month. Besides, the effects of the fiscal adjustment program thus far have only been felt in people's pockets because the program's main objective, the reduction of the public deficit, has still not been clearly seen.

The picture on the international front is no better. Our exports have stopped growing, our trade deficit has increased, and the Central Bank has lost reserves, which it has been able to recover only at the expense of increasing the foreign debt.

The following is an examination of the latest figures issued by the Uruguayan Central Bank and the National Statistics Institute, which, taken together, give a picture of Uruguay's current economic situation.

Prices and Salaries

The most positive aspect of the current economic situation is a slowdown in price increases. In September inflation measured in terms of retail prices dropped by two points and now stands at 42 percent. The figures for the first half of October show that inflation measured in terms of retail prices will drop below 40 percent by the end of the month.

The economy, then, might close the year with an inflation rate near the 38 percent level that was officially projected, or a drop of six points compared to 1994.

The rate of increase of wholesale prices, meanwhile, started to slow abruptly following the slowdown in the rate of increase of agricultural product prices.

The purchasing power of salaries continued to drop. Over an eight-month period, salaries have accumulated a 6.1 percent real purchasing power loss in the private sector and a 2.5 percent purchasing power loss in the public sector. However, salaries in the private sector tend to account for inflation, while public administration salaries might end the year with a loss of more than 5 percent.

The Dollar

Boredom among financial operators in money centers continues because the market is totally becalmed, reflecting the recession that people feel in the streets. There is a lot of liquidity, but without pressure against the dollar, the price of which continues increasing at the rate of 2 percent per month, as is established by the floating system. Agents expect more of the same in foreign exchange policies, as reflected in the fall of interest rates applied to operations in national currency — which seems to have reached the bottom — and the reduced activity at money centers.

Prices increase faster than the devaluation accepted by the official foreign exchange rate and the breach between inflation and devaluation continues growing. In the past 12 months, consumer prices measured in dollars increased by 20 percent, while wholesale prices in dollars increased by 14 percent, which reduced the competitiveness of our products even further.

Fiscal Accounts

The situation with regard to fiscal accounts deteriorated again during August due to a drop in revenues. This situation could change in September, however, because part of the revenues of the eighth month were entered in the ninth. Besides, the drop in internal consumption forced revenues down despite new tax increases.

The public administration, in general, improved its fiscal situation during July, although the accounts of public companies started to deteriorate. The public deficit dropped to 2.4 percent of the GDP in July, down from 3.4 percent of the GDP in April.

Activity

The data on the level of activities confirmed what other indicators have been showing indirectly and what people have been perceiving in their everyday life: The country is going through a strong recession.

The GDP dropped by 1.4 percent during the second quarter compared to the same period of last year. During the first half of the year, the country had zero growth thanks only to the resumption of operation of the Ancap [National Administration of Fuels, Alcohol, and Portland Cement] refinery, which had remained idle last year. Otherwise, the growth rate would have been negative.

The most successful activity in the second quarter was agriculture, although activities in this area dropped compared to the first quarter due to a deficit in foreign demand. The areas of industries, commerce, and construction all showed a strong slowdown during the second quarter.

This drop in activities had an impact on the deteriorating unemployment rate, which in Montevideo topped 11 percent of the active population during the June-August period. This means that approximately 72,800 individuals were unemployed during that period.

The increase in the unemployment rate is due to a loss of jobs for men over the age of 25. The hardest hit areas were industry and construction. In urban areas of the interior of the country, the unemployment rate

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during the second quarter was 8.7 percent of the active population.

Foreign Accounts

The country's foreign accounts also deteriorated during the second quarter of the year and the balance of trade — which registers commercial and financial operations with the rest of the world — closed with a deficit of $13 million.

The current account, which measures the flow of goods and services, registered a deficit of $96 million during the first half of the year, more than $80 million more than last year's deficit. The growing deficit was due to increasing imports, declining exports, and lower revenues from tourism due to the Argentine crisis.

In July — the latest available figures on our foreign trade — exports dropped while imports continued growing, and the commercial deficit increased to 5.5 percent of the GDP.

On the other hand, Uruguayan Central Bank reserves had dropped by $92 million as of the end of August. The Central Bank recovered its reserves in September, but only at the expense of a strong increase in the foreign debt.

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